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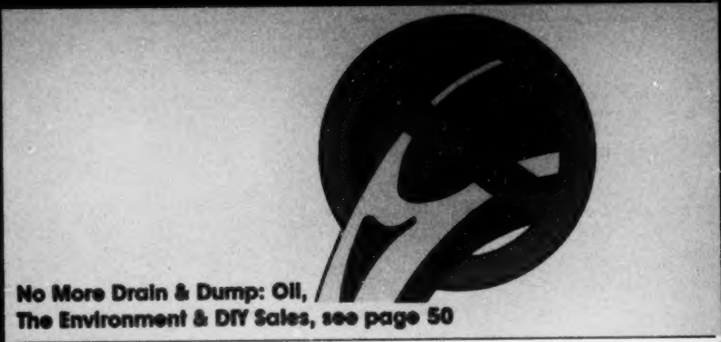

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MARKET LINE

The Battery Market: The Big Four Divide Up Battery Distribution

Today's battery market looks as if we're heading for the last act of Agatha Christie's *Ten Little Indians*. Scarcely a year has gone by for some time now when one or another battery manufacturer hasn't been sold or merged with another. Consolidation has left four manufacturers that make up as much as 80-85% of the auto/light truck battery sales in the U.S. Those suppliers, in order of sales volume, are:

- Exide Corp., Reading, PA
- Johnson Controls, Milwaukee, WI
- AC-Delco/GM Service Parts Operation, Detroit, MI
- GNB Inc., St. Paul, MN

To this list we might add two smaller major companies – East Penn Mfg., Lyon Station, PA, and Douglas Battery Mfg., Winston-Salem, NC – to get a true picture of the major suppliers. Although these are not the only companies in the battery business (there are perhaps 40 other regional suppliers such as Standard, Voltmaster, Estee, Prime, etc.), they are the major suppliers.

Interestingly enough, because there has been so much consolidation, several of the analysts we spoke with seriously considered the possibility of regional suppliers consolidating. But, for the present, we can stick to the six major companies to get a picture of battery distribution.

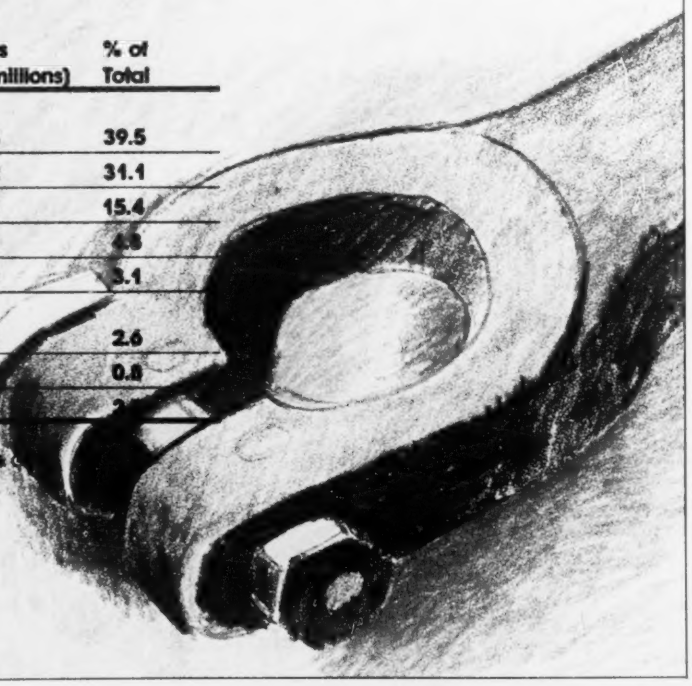
Two suppliers, Exide and Johnson Controls, both have market shares in the 26-30% range. Both claim to be number one. They are bitter rivals.

REPLACEMENT BATTERY DISTRIBUTION IN 1988

Mass merchandisers, such as Sears, K mart, etc., are the largest single distribution channel for replacement batteries. The gas and oil companies, which were responsible for close to 20% of the market in the 1960s, have shown the greatest decline.

Segment	Unit Sales (in millions)	% of Total
Mass Merchandisers	24.4	39.5
Battery Specialists	19.2	31.1
Parts Distributors	9.5	15.4
New Car Dealers	3.0	4.8
Tire Stores	1.9	3.1
Gas & Oil Companies	1.6	2.6
Fleets	[illegible]	0.8
Others	1.6	[illegible]

Sources: Battery Council Intl. &



Exide

Since Exide's current management took over in 1985, it has pursued the retail channel hard. In May 1987, it bought General Battery Corp. (GBC), the single largest private labeler to the retail aftermarket. All those private label customers quickly became Exide private label customers. Along with a private label, Exide could offer retailers a strong, well-known national brand, which had always been lacking at General Battery.

The sales gains by the Arthur Hawkins-led management team are impressive. Starting in fiscal 1986, the new team increased sales by $6 million the first year, $44 million the second, and $66 million in 1988 (in addition to the gain from the GBC acquisition). And, in 1989, the trend continued with a $73 million rise. In 1985, Exide had about a 7% market share; by 1988, with the acquisition of GBC, it was close to 30%.

On March 31, 1987, Exide reported $277.9 million in sales for the fiscal year; by March 31, 1988, Exide reported $652.2 million. Sales for fiscal 1989 were $725.3 million.

In addition, adroit administration turned losses of more than $11 million in 1984, and about a million dollars in each of 1985 and 1986, to a $17.8 million profit in 1988. On August 31, 1989, management restructured the company, with 49% of the voting interest going to Wilmington Securities, a subsidiary of the Pittsburgh-based Hillman Co.; 29.5% remaining with management; 5% to a subsidiary of the Chemical Bank, New York; and the rest split up among non-management holders and a partnership formed to do the restructuring. The complicated transaction will give Exide substantial new cash and an improved credit agreement.

MARKET LINE

As a competitor noted, "They still have all those customers out there, and all these sales, and if money were their only problem, they should have no worries. The Hillman Co. is well-financed."

Exide has introduced what it terms the next generation of powerful dual-terminal passenger car batteries, the Exide 1000™. The company has designed and manufactures a battery with 1000 CCAs (cold cranking amps) for starting capabilities, for the most severe climate conditions.

The Exide 1000™ is designed to fit both traditional and reversed top terminals, as well as side terminal applications. All four terminals are equipped with durable plastic caps to eliminate the risk of shorting. The Pack-Tite™ plate construction provides protection against damage caused by vibration. Computer-designed Turbo-Radial Grids combine center lug construction with a radial pattern providing higher initial starting power during the critical first five seconds of starting. The Exide 1000™ provides an extra 125 minutes of reserve capacity needed by onboard accessories, computers, and emergency power needs.

Johnson Controls

Johnson Controls was the single largest supplier for more than 20 years with only three big customers: Sears, Interstate, and NAPA. Sears, through the mass market, and Interstate through installers, are the two largest retailers of batteries in the country. Both sell about seven million batteries a year. NAPA sells a little more than two million batteries a year through its 6,500 jobber outlets. With three customers like that, Johnson Controls didn't need much more.

However, when Exide bought General Battery (GBC), it gained an entree to NAPA through GBC's small piece of the NAPA battery business. By 1988, Exide had sold NAPA on single sourcing through Exide.

Along with a pipeline to NAPA, the GBC acquisition added $309.8 million worth of sales to Exide's balance sheet at a cost of only $143.4 million.

By comparison, Johnson Controls reported battery division sales of $651.1 million for the year ending on September 30, 1988. Although the latest sales numbers are not out yet, projections put sales numbers at about $725 million for the year ending September 30, 1989.

Although the sales figures and market shares are extremely close, the two companies have radically different strategies. Johnson Controls is now the single supplier to the Ford Motorcraft replacement business.

As a competitor noted, "They have a broad base strategy. Sears for the mass market, Interstate for the battery specialists, and Motorcraft for the OE business."

Along with Ford, Johnson also sells batteries to all of the Japanese transplant operations, and competitors say the OE connection may be an important step in future sales. "A growing number of people look at the battery in their car and want to replace it with one just like it."

Johnson also has all or part of the Wal-Mart (about two million units), TBC (about two million mostly through its Battery Associates subsidiary), and Goodyear (about half a million batteries sold a year) battery business. And, the acquisition of Western Auto by Sears has put the Diehard into Western Auto company stores (about 450) for further sales.

CONTICO TUFF! Automotive

In addition, the company unveiled its Everstart battery at this year's APAA Show. The Everstart battery utilizes what amounts to two batteries in one package so that a car can always be started simply by throwing a switch (GNB also introduced a similar battery). While competitors quibbled about whether the low CCAs of the second battery could start a late model car in cold weather and the high price (about $130), they all conceded it was a superb marketing and advertising job. It will be Johnson's first national brand, sold as a one SKU line.

AC-Delco

The number three and four companies in the market are both aggressive competitors. For instance, AC-Delco has about a 14-18% market share and wants more. Delco has always had a good chunk in the traditional business simply because of the strength of the Delco brand and advertising. Recently, the company has done well selling to the warehouse clubs that are springing up all over the country.

One reason is Delco's mobile truck programs that allow smaller purchases (as few as 150 units or 4,000 lbs.) than other suppliers who require 500 units or more, or complete truck loads, to get the lowest price. The customer is shipped every week and orders can be processed as quickly. For customers, it means less inventory to carry in the warehouse, and an assurance of better controlled shelf life. In a market that requires service, it has many advantages.

However, on the down side, the Delco program offers a much lower gross margin, about 14% as compared to about 25% through other manufacturers. "It's a unique way of doing business," a competitor said. "It's difficult to run, and it's costly. But Delco's got a good consumer name, and a lot of WDs think they have to carry it. Jobbers like it more than WDs."

On the retail side of the market, Delco has been making some aggressive moves. This year, the company replaced Exide as Western Auto's supplier. Delco also took over the Nationwise business.

GNB

The smallest of the big four battery companies is also the newest. Pacific Dunlop, which previously bought Chloride, merged with GNB. Now known as GNB, the company's world-wide sales were $631.4 million in fiscal 1988 which ended on June 30, 1989. We put its market share at 12-16%.

Competitors think GNB is a company to be watched carefully. "Money is the most significant aspect," one said. "Pacific Dunlop has a lot of it. It owns the largest auto parts chain in Australia. It bought Chloride and still wasn't satisfied. It wants to be a major factor in the American market, and is beginning to buy up battery specialists. Just in the past six months, it's bought Southern (New Orleans) and Standard (Portland, OR) and another one in Denver. That seems to be a direction: controlled distribution through specialists."

Another observer said, simply, "GNB's gearing up to do store door deliveries like Douglas, only on a national scale."

Although the battery specialist has been the fastest growing segment of the distribution channels in the 1980s, the specialist has also undergone a price and profit squeeze in recent years. "The spe-

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cialist was able to keep his prices down because of junk (used) batteries," one executive noted. "That was a large portion of his profits: picking up junk batteries for a buck or two, and selling them $4-$5. But the junk price is going away." As a note, the junk price on October 4 was 6-8 cents a pound which puts the junk price at much less than $2. "Previously, specialists could sell cheap because they made money on both ends of the trip. Now, a lot of them are not in the best financial shape. So, buying out specialists might be one way to expand your market quickly."

Along with specialists, GNB also has some interesting customers. For example, GNB is OE to Ford, although Johnson Controls makes Motorcraft replacement batteries. GNB also sells the Champion brand, licensing the Champion Spark Plug Company logo.

This summer, GNB introduced the Champion Switch battery before the APAA Show. The battery, like the Johnson Control's Everstart, is also aimed at never leaving an owner unable to start the car. It's priced a bit under the Johnson Controls Everstart at $109.

And so it goes in the battery business. Bitter competition. It's a good time to be buying batteries. ■

BATTERY PARTS PROLIFERATION

Although the total number of battery SKUs for cars and light trucks has remained at about 60, retailers must stock more of the 60 SKUs to cover the same percentage of vehicles. As this chart shows, in only six years, the percentage of sales covered by the top five size groups/part numbers has declined from roughly 78% to roughly 60%. To cover 77% of sales today, a retailer must stock the top ten part numbers. The top five battery part numbers in 1988: 24, 24F, 26, 70, and 74.

Year	% Of Sales Total By Top Five Part #s
1983	77.7
1984	75.3
1985	67.9
1986	64.8
1987	62.8
1988	59.6

Year	% Of Sales Total By Top Ten Part #s
1983	89.9
1984	86.8
1985	82.1
1986	78.5
1987	76.2
1988	76.5

Source: Battery Council Intl.

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APS & Steego Chain Change Hands

Two major warehouses changed hands last month. The sales had been anticipated for some time.

Parts Depot, Roanoke, VA, backed by Wolfensohn Ventures, a Cleveland investment firm, acquired Steego Auto Parts, West Palm Beach, FL. The sale was of Steego's U.S. holdings, including ten warehouses and 72 stores (Steego still owns McKerlie-Millen, the largest WD in Canada).

Down in Texas, the New York investment firm of Clayton & Dubilier financed a management buy-out of the APS (American Parts System), Houston, for $200 million.

The Parts Depot purchase seems to be part of what we might call the "Interstate 81 Nexus." There are now four very big companies along a 75-mile stretch of I-81 between Staunton and Roanoke, VA. In the past two years, Art Fisher has expanded Fisher Auto Parts, Staunton, to eight warehouses and 150 owned jobber stores. His last big purchase was the Altoona, PA-based ASC/AWI chain of 21 stores and warehouse. Total Fisher sales are in the $80 million range.

A few miles down the road in Roanoke are Advance Auto (number ten on our top 100 chains; 150 stores/$85 million sales), one of the fastest growing megachains, and Floyd Percy's new RPM buying group which represents 16 retail chains with about 210 stores and roughly $150 million in sales.

Parts Depot/Steego

And now, Parts Depot, a $70 million WD selling to about 1,100 independent jobbers, has more than doubled its size. Steego U.S. sales were $77.1 million for the year ended April 30, 1989.

"I'd prefer you don't compare me to Cardis," chairman Rollance Olson said when we talked about quick growth. "But it's big enough to get a little respect."

Olson, who was with Bendix and Raybestos before buying Parts Depot, said the mix between Steego and Parts Depot was the key. Steego owns four Florida warehouses while Parts Depot owns three. Steego also owns 28 jobber stores in the Sunshine state, 11 of which are paint and body equipment specialty stores.

"South Florida is a damn good market," Olson said. "There's a lot of cars; nice, steady population growth; and the right kind of demographics." But perhaps

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the largest benefit from the sale is the elimination of Parts Depot's fiercest competitor for Florida installer business.

Outside of Florida, Steego adds four distribution centers and 42 New England jobbers, and two distribution centers and two jobber stores in Ohio to Parts Depot's Roanoke warehouse.

Steego is a major player in the Maine market, Olson noted. "The emphasis is on wholesale sales. But obviously we want to entice retail business. But we're not planning on making a run at Pep Boys or anything. We just want to eke out a decent living."

At Wolfensohn, Mike Kestner said Wolfenson is not a high-tech investor. "We don't understand lasers and that kind of thing. We're more interested in mundane technologies. We see exciting things in auto parts."

Steego has been on the market since March, when Industrial Equity (Pacific) Limited (IEP), based in La Jolla, CA, but controlled by Sir Ronald Brierly, a New Zealander, decided to sell it off. IEP, despite paying $62 million for control in September 1988, felt it didn't offer the rate of return it wished. Steego insiders were a bit surprised at IEP's decision.

"Based on their track record, they tend to hold positions they've taken," said one. Steego lost about $4.6 million between 1984 and 1987. However, in 1988, total company sales were $215 million and the company showed a $270,000 profit.

LBO At APS

APS was another company that's been rumored to be for sale for some time now. It was the most profitable of Wicke's, Santa Monica, CA, aftermarket companies (which include Guaranteed Parts, Sorenson, and Vera). Profits for 1988 were less than $20 million on sales of $360 million. Sales this year should be about $380 million.

Clayton & Dubilier, flush from a $690 million sales of Uniroyal-Goodrich Tire to the French-owned Michelin Group, paid $200 million for APS. APS operates the second oldest program (since 1963) to NAPA and has shown consistent, if moderate, profits each year. It operates 30 distribution centers from its Houston headquarters, serving about 1,400 independent stores, and 109 company-owned jobbers in 48 states.

Until 1988, the company had followed a slow, steady acquisition pattern of its own, adding about a warehouse operation per year. In March 1988, however, president Fred Pisciotta left the company, reportedly following the refusal of Wickes to acquire Distributor Sales, Pittsburgh. Shortly afterward, Pisciotta bought Distributor Sales himself. The acquisition mode may return at APS: Martin Dubilier, CEO of Clayton & Dubilier, predicted APS could add 750 new jobbers in the next five years.

APS president Richard Spelleri also said the new owners plan to dramatically increase the number of Big A customers. "There's a way to do that without necessarily buying stores. There're thousands of towns without a Big A store. Outside of NAPA, all the other groups are really co-ops without the kind of consistent services Big A offers jobbers. The kind of program a jobber gets depends entirely on the local WD. There are several thousand stores close to joining or changing a program. We may win them over. But we have no specific targets," Spelleri said.

Although he sees little changes in day-to-day operations, Spelleri does expect to increase the percentage of Big A products sold under private label from about 67% to about 80%.

Commenting on the sale, several WDs thought the $200 million price for APS was too high. "The book value's more like $120 million," said one. "Of course, the sale may not be cash. It may be funny money and paper that says 'Convertible to', 'Face values of', 'If, subject to' and things like that. If that's the case, that's all right."

Buddy Tankersly, president of Parts Inc., Memphis, TN, a company that's been growing rapidly in recent years, had a close interest in both sales. "We turned down Steego," Tankersly said, "because they wouldn't unbundle the chain. We wanted Ohio and Florida, but we didn't want New England. Or Canada. I'm not surprised that a banker bought APS. But I would have been very surprised if an operating company bought it. It's extremely over-priced at $200 million." ■

Western Auto Plans Import Parts Sales

Western Auto's mission statement says, "We are going to solve our customer's automotive problems. Primarily with DIY parts and secondarily with service," and that is exactly what the 1,850

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MARKET LINE

store (450 company owned, the rest associate stores) chain intends to do in the future, according to president John Barlow.

Barlow recently spent some time talking about service, installation, import parts and the future of his Kansas City, MO, based chain.

"You can't do this and look at two distinct markets, one import and one domestic. You have to look at everything on the road as a car," Barlow said.

Barlow conceded that Western Auto Supply, along with other retailers, had been slow to realize the potential of the import parts market.

"In 1981, we began converting stores in Kansas City. We got caught up in conversions, and the great growth of domestic parts sales. Frankly, we simply didn't realize the potential of import parts. From 1986-89 we had double digit comparable store sales. But in 1989, sales are soft and back in the single digits. The domestic parts market is stabilizing. For retailers used to expanding markets, that's frightening. If you can't have 10% growth, you can't have profits. But there's a new opportunity in import parts sales to an aging import fleet."

IMPORT PARTS SALES BY DOMESTIC MANUFACTURERS

Domestic parts manufacturers are increasing sales of replacement parts for imports, according to a continuing survey by Easton Consultants Inc., Hopkinton, MA.

The lastest survey shows sales have more than doubled since 1982. In addition, in 1988, survey respondents reported that 71% of their import parts were made in the U.S. rather than re-boxed from foreign suppliers.

Year	% Of Sales For Import Vehicles
1988	14.5%
1987	13.7
1986	11.3%
1985	9.3%
1984	8.2%
1983	7.0%
1982	5.9%

Source: Easton Consultants, Hopkinton, MA

The Import Fleet

The import fleet will include 26 million vehicles older than four years by 1991, according to the Frost & Sullivan projections cited by Barlow. "But the retail chains are not participating in import sales," Barlow noted. "If you take out filters and plugs, in 1986, import parts sales made up 2.7% of our business. Now, it's 5.3%. If you add in filters and plugs, it's closer to 12%. So the potential for increased sales is there."

Barlow noted that Western Auto's 2,800 service bays give the chain an advantage over chains without service. Such "dry" chains, Barlow said, will have a difficult task as DIY rates decline. He predicted more wholesaling by retail chains.

For Western, the major driving force for growth will be in service and installation. Presently, almost 60% of Western's service sales are in tire and services such as alignment. Barlow believes this will change. "Many services done by specialists can be lured away to our service centers. Only Midas is entrenched. In the future you'll see the other service segments attacked by chains."

Western projections call for doubling the chain's business in such service segments as shocks and struts, and starting and charging.

"We may focus on water pumps, generators, and starter motors. There's no specialist with name awareness in that area. You put those parts together with a Diehard battery (Sears private label) and where would you go for starting and charging work?"

A Problem Remains

One problem remains, however. Can Western Auto get the parts to service import cars and sell import parts over the counter?

"I don't know, I have over $1 billion in sales and the foreign OEs aren't approaching me to sell their parts," Barlow half-joked. "Foreign OEs are probably not going to sell us direct. We're probably going to aggressively try and source import parts directly. Sears has joint ventures in Japan. Right now, we're with IAPCO, but I don't know how long that will last. Domestic vendors' coverages have been incomplete until now. The sources we align ourselves with must be complete in their lines like Raybestos and Monroe are. I think we will still use an importer for everything we can't source directly. Maybe some buying from OE dealers. If we break one major OE supplier, we may change the attitude."

Barlow noted that some difficulties lay ahead. "We have to recognize that initial results will be lower. It must be a strong commitment of at least 18-24 months to develop business. We have to develop a slow moving parts availability. I hate to say no to a customer. We have to fix the customer's car. We have to serve the customer in a timely manner," Barlow said. He stressed the need for 24-hour parts availability through special order programs.

Since Western is in a catch-up mood with customer awareness of import parts availability, Barlow noted that it will be an expensive process to build this awareness. "It's going to take some time and expensive advertising to increase customer awareness along with the costs of inventory and training. We want to try and leverage our suppliers to help pay for this."

Barlow stressed that Western Auto was "anxious to find new and renewed vendors with systems and commitments, especially for training." He called people the retailer's "Achilles heel. The biggest problem to solve is people. We have a 10% turnover in managers, 150% turnover in cashiers, and a 50-60% turnover on the parts counter."

While installer training is critical, Barlow said Western would not pay vendors more for state-of-the-art training. "We provide distribution. Vendors must offer services." ■

WESTERN AUTO SERVICE PROJECTIONS

Western Auto sells over four million tires in 1,300 service bays so tires are a primary source of auto service receipts. However, Western president John Barlow said the chain is on a drive to compete with service specialists for other kinds of business. By 1993, Western expects tire sales and services to decline from about 56% of service sales to about 49% of service sales.

	% of Western Auto's Service Receipts	
Type Of Service Work	In 1989 (Est.)	In 1993 (Projected)
Tire Service	38%	33%
Alignment/Tire Repair	18	16
Brakes	14	20
Cooling System	4	6
Starting & Charging	4	8
Shocks/Struts	3	8
Oil Changes	3	2
Other	16	7

Source: Western Auto

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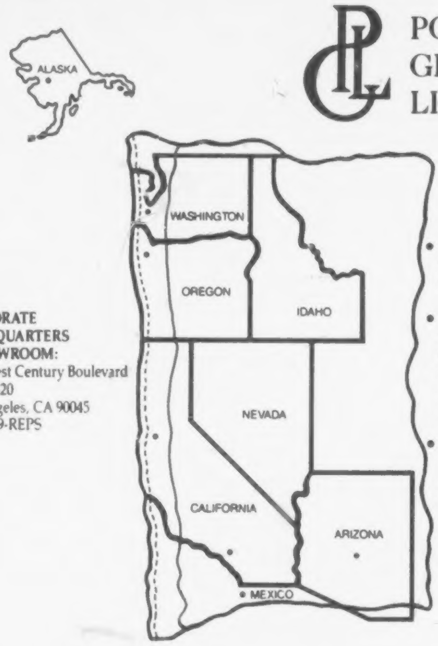

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CLEAN AIR LEGISLATION

Is Aftermarket Lucky On Friday The 13th?

A meeting of industry associations involved in the Coalition for Auto Repair Choice (CARC) held in Washington, DC, Friday, October 13th, promised hopes of eventually producing a united industry front in the clean air legislative fight. However, participants in the meeting fell short of picking a single bill to back.

It was a "positive meeting," according to William A. Raftery, president of the Motor and Equipment Manufacturers Association (MEMA), Englewood Cliffs, NJ. "Everyone agreed on a series of issues and an approach that involves areas of pending legislation that are best for the industry," he said.

Currently, the associations in CARC are split between supporting different clean air bills now being considered by the House Committee on the Environment and Public Works. The two bills are sponsored by Rep. John Dingell (D-MI) (H.R. 2950) and Rep. Henry Waxman (D-CA) (H.R. 2323). Warranty provisions differ in the two bills.

As far as specific results of the Friday the 13th meeting, Linda Hoffman, vice president, government affairs and trade, Automotive Parts and Accessories Association (APAA), Lanham, MD, said, "I think that what we agreed to do is meet and continue to meet. ASIA (Automotive Service Industry Association) and MEMA are not abandoning Dingell and we're not abandoning Waxman. We're assessing political realities. We might convince both Dingell and Waxman to negotiate in committee before anything gets to the floor."

Furthermore, Hoffman said, "Nobody at the meeting suggested Dingell had the votes or the power. We (at APAA) believe Waxman has the votes and the political winds favor him strongly. They (Dingell and Waxman) have already finalized an agreement on the car company issues. Some experts say the car company issues were more controversial (than the aftermarket issues). That was voted out of the subcommittee, 22 to nothing, to go to a full House floor vote. Waxman had the votes even in Dingell's own committee to overturn the car companies. Dingell is a superb vote-counter. Dingell met with the car companies and told them he had held off the debate on clean air legislation since 1977 and he couldn't do it any more. Everyone knows that clean air legislation is coming."

However, when it comes to provisions that affect the aftermarket, Hoffman said, "They (Dingell and Waxman) could not agree on our issues. They'll ultimately face off in committee or on the House floor."

Don Wilson, director of government affairs at the National Tire Dealers and Retreaders Association (NTDRA), Washington, DC, was unable to attend the meeting. However, he said that although his group has not formally endorsed either proposal, he and his staff had worked closely with CARC and the Dingell staff in preparing H.R. 2950. "We like the numbers," he said, referring to the Dingell bill. "They look preferable."

Wilson feels that what actually emerges from the House committee will be "a mixture of a variety of ideas" taken from both Dingell's and Waxman's bills. "We'll decide what we'll do when we see what actually comes out of the committee," Wilson said.

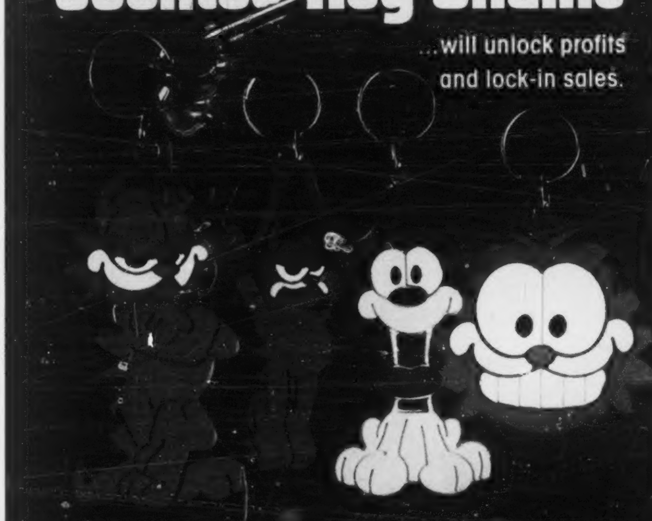
Another meeting to continue discussions was planned for October 20. ■

A/K/A:

Here are the number of cars made by foreign makers but sold under domestic nameplates in 1988.

Car	Number Sold	Maker & Country
Prism	96,868	Toyota/GM (Joint venture)
Plymouth/ Dodge Colt	79,885	Mitsubishi (Japan)
Ford Probe	77,763	Mazda/Ford (Joint venture)
Ford Festiva	69,167	Kia (Korea)
Geo Spectrum	68,347	Izuzu (Japan)
Pontiac LeMans	64,037	Dae Woo (Korea)
Mercury Tracer	58,921	Ford (Mexico)
Geo Metro	48,088	Suzuki (Japan)
Plymouth/Dodge Vista	19,439	Mitsubishi (Japan)
Ford Merkur	15,261	Ford (Europe)
Grand total	**629,129**	

Source: Ward's Automotive Yearbook



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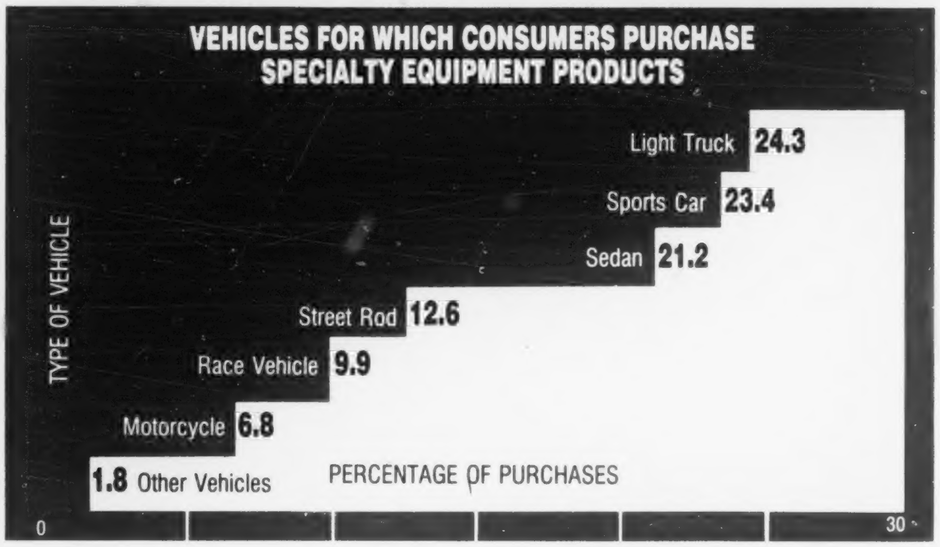


Call it what you will, the performance market continues to grow. And the competition is heating up.

by **Edward L. Kaufman,**
Contributing Editor

Edward L. Kaufman is president of Lindsey-Kaufman Co., a marketing consulting firm specializing in the automotive and truck aftermarkets. Inquiries for additional information should be sent to him at: Lindsey-Kaufman Co., 53 Hamilton Place, Tenafly, NJ 07670, (201) 567-6158.

Call it the "performance market," or the "specialty equipment market," or the "automotive enthusiast market," whatever; it has been a lifesaver for automotive retailers in 1989.

In a year in which sales of many replacement parts and non-discretionary items have been sluggish, manufacturers and retailers alike report brisk sales of products that modify vehicle performance, improve vehicle appearance, and improve vehicle handling. This includes accessories for light trucks (vans, pick-ups and ATVs) as well as passenger cars, imports as well as domestic vehicles.

According to the 1989 market study done for the Specialty Equipment Market Association (SEMA), Whittier, CA, the specialty equipment market for cars and light trucks rose (at manufacturer level) from $1.7 billion in 1985 to $2.4 billion in 1988. That's an increase of over 12% per year for the three year period. SEMA does not estimate retail sales, but applying the usual markups would put retail sales in the range of $4.3 to $4.6 billion.

However, the market may be even larger. Mike Burroughs Associates, Nashville, TN, an ad agency which specializes in this market, estimates that retail sales were in the range of $6-7 billion in 1988. Burroughs says, "We conduct extensive surveys among consumers for our various clients and we let the consumer define the market for us."

Burroughs' most recent surveys indicate that the growth of the specialty aftermarket slowed considerably in 1989, running at a 4% annualized growth rate compared to the previous growth of 12% per year. Although Burroughs differs with the SEMA study on market definition and total market size, he concurs with a SEMA finding that volume retailers have been gaining share of the market.

The Chain Stores Growth

Since 1982, automotive chain stores have gained share of the specialty aftermarket by stocking, displaying, and advertising performance items. Not only bolt-on accessories for pick-ups, vans and ATVs, but also performance tires and wheels, performance suspension, accessory lighting, and a host of dress-up items.

Retailers did even better if they stocked true performance items such as cams, lifters, and headers. And retailers who did the best employed sales personnel who speak the language of automotive enthusuiasts and who can give advice on installation. And they did better yet if they provided on-site services for installation.

One reason for the importance of installation services is that performance tires and wheels account for more than 40% of the market. People who spend $1,000 and more on a set of performance tires and wheels expect highly professional mounting and balancing.

Another reason for emphasizing installation is that, because of demographic changes, more and more specialty customers want to have their add-ons professionally installed. Some customers feel nervous about drilling holes in their vehicle bodies to attach racks, rails, and running boards, or cutting holes for pass through windows or sun roofs. And others with the know-how lack the time.

Chains $ Sales Dollars

SEMA's 1989 study indicates that in 1988, automotive chain stores accounted for more than 16% of specialty sales. The manufacturers surveyed by SEMA expect the chain stores to account for more than 17% of specialty equipment sales in 1990 and 1991. SEMA's survey of performance retailers indicates they rate automotive chains second only to mail order outlets as their strongest competitors.

Automotive chain stores have been gaining share of the specialty market partly because of the price advantage resulting from their volume purchasing power, partly because their outlets are much more numerous and accessible than those of performance retailers, and partly because they stock a high percentage of the items wanted by most shoppers for specialty products.

Whereas customers know that they can obtain nearly 100% of what they are interested in from full-line performance retailers, specialists are not to be found in every town or neighborhood. Proximity of the outlets and visibility of the merchandise are important factors in specialty equipment sales, a fact strikingly demonstrated by Echlin's Accel line of ignition parts. Although Accel did well when it was confined to specialty outlets, its sales zoomed when it was placed in chain stores like Chief Auto Parts. One of the most interesting findings of the 1989 SEMA study is that nearly six out of ten specialty consumers "would increase their purchases if these products were more readily available."

Response Time A Key

Along with availability, in the fast moving specialty aftermarket what counts at both the manufacturer and retailer levels is sensitivity and prompt response to the interests of specialty customers. This is a business based on innovation, novelty, and fashion trends. About 30% of the products sold in 1988 were new to the market. To succeed at the retail level in this business, stores need buyers and merchandise chiefs who are up-to-date on trends and who have authority to make timely buying decisions.

Although the last SEMA study shows automotive chain stores gaining share of market, some manufacturers see troubles ahead for chains because of mergers, acquisitions, and corporate reorganizations. Concentration of purchasing power is one thing, but concentration of purchasing decisions is another. These manufacturers believe that a few of the largest chains are beginning to lose touch with the specialty market because of relocation and centralization of buying offices and buyers.

A parts importer, admittedly oriented to marketing via import specialist jobbers, also sees problems ahead for retail chains in the hard parts market generally (not merely for performance applications) because of proliferation of SKUs.

Lower profits on chemicals and other fast-turning merchandise, he said, is causing many chains to seek larger profits in hard parts.

"The chains have discounted Armor All so much that they've been giving it away. So some chains are moving to a well-stocked back shop. In addition, theft is a tremendous problem; that's why the packaging is so much larger than the part. Stores are moving their 'prescription parts' (those that will only fit a specific application) behind the counter. The line between retail and traditional methods is blurring with retailers like AutoZone. Pep Boys is changing, putting more emphasis on installation. With these retailers the trend is away from prescription parts out front," the parts importer said.

"The retailer has to face an information overload of parts proliferation," the importer said. "There are only three domestic car makes but 29-31 makes of imports. Toyota has more product differentiation than GM and more engine formulas than GM. Since 1965, Toyota has had 12 different engines; eight of them are in the 1980s. Because of these trends, we are going to see a resurgence of the true specialist."

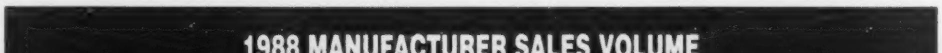
No Room For Complacency

So, despite their advantages, auto chains have no room to be complacent about their prospects in the specialty aftermarket. Burroughs Associates' most recent surveys show slow-downs in the market share gains of automotive chain stores. The chains got the easy growth made possible by stocking and displaying merchandise. Now, because of consolidation of performance retailers into chains owned by performance warehouses, more and more specialists will also have chain store power in purchasing and advertising. And, of course, these outlets are tough competition in terms of breadth of product line and product knowledge.

In addition, automotive chain stores can anticipate stiff competition from regional chains of tire dealers. Because of slower growth in the market for standard car and light truck radial tires, competition for these sales is intense and profit margins have suffered. Most tire dealers are seeking survival and growth in automotive services, particularly under-car services, such as brake, suspension and alignment work. In addition, many tire dealers are emphasizing sales of performance tires and wheels.

Tire stores can be tough competitors for this business as numerous performance retailers will attest.

So while the performance market booms along, the competition is also getting tougher. It's not only performance products that will be the winners, it will be true performance retailers as well. ■



No More Drain & Dump Oil, Environment & DIY Sales

You've heard a lot of rumors about the environment and oil. Here's a rundown of what's going on.

by **John Wirebach**
Senior News & Features Editor

In 1988, the oil industry refined about 1.1 billion gallons of lubricating oil for use in cars and trucks. Of this, some 700 million gallons of motor oil was sold at retail by installers, or over-the-counter to consumers.

The majority of used motor oil is disposed of properly, but as much as 400 million gallons of this wound up being dumped on the ground, down sewers, or in landfills.

Sad to say, most of the oil was dumped by DIYers.

A growing number of people are concerned about what happens to the environment as a result of this dumping. While the oil itself eventually breaks down in water or the ground, as much as 20% of modern motor oil is made up of additives which do not break down. In addition, used motor oil contains metals like lead, zinc, and chrome.

This is what can happen when oil gets into ground or surface water:

- A quart of oil can produce an oil slick approximately two acres in size.

- One part of oil per million parts of water can cause taste and odor problems in drinking water.
- 35 parts per million can kill fish.
- 50 parts per million can foul a water treatment plant.

An EPA Matter

So the sale, use, and disposal of motor oil has become a matter for the U.S. Environmental Protection Agency (EPA). Oil is a substance to be considered as hazardous waste. The Resource Conservation and Recovery Act (RCRA, Washingtonians say Rick-Rah) of 1986 makes the EPA responsible for hundreds of hazardous wastes. Simply put, old waste already in the ground is covered under the Superfund legislation, and new waste (or waste-to-be) like dumped motor oil is covered by RCRA.

However, using common sense for once, the EPA said, in effect, that while oil is a health and safety hazard, pasting the 'Scarlet Letter' of Hazardous Waste on used motor oil could hurt and harass attempts to recycle oil. Those who sell new motor oil and those who recycle it could face environmental liabilities, increased paperwork, high insurance costs, and handling complications.

In other words, while the act's intent was to encourage recycling of all kinds, there would be less incentive for people if oil were classified as a hazardous waste.

Recycling of oil is not just an environmental clean-up matter, it's also a conservation matter. Because world oil prices have stabilized at an acceptable level, oil conservation has been pushed to the back burner But, with the U.S. importing more than eight million barrels of oil a day (a little more than half of what we use daily), and many small U.S. wells closed, price and availability could change at any moment.

Re-Refining Is Almost Non-Existent

Out of each 42-gallon barrel of crude, only 2.5 quarts of lube oil can be refined (see chart for details). On the other hand, although the process is virtually non-existent today, one *gallon* of used motor oil can be re-refined into the same 2.5 quarts of motor oil, according to Evergreen Oil, crankcase to the well-being of our collection tanks, to its shipment, can be documented. We're trying to set standards for handling used oil before it's handed down from above."

Jiffy Lube recycles some 20 million gallons of used oil a year. "One policy for 3% of the oil used in the country is better than 100 million policies. The EPA likes to hear that. If you have hazardous waste, the potential that 100 million DIYers can set their own policy about how to dispose of it has got to be scary. We're selling Jiffy Lube's management standards for used oil. Our policy keeps 3% of the motor oil sold safe, not hazardous to the environment."

One problem is that while Jiffy Lube's policy keeps standards on its own oil, the policy means that Jiffy Lube now refuses to accept used oil from DIYers. Thus, the 1,100 Jiffy Lube store disposal sites are no longer open to the DIYer.

Hindman said Jiffy's previous policy was "goodwill." However, pending legislation in some states, or in states with hazardous waste laws, means that recyclers must test oil carefully for contamination before accepting it for recycling. Too often, DIYers will throw degreasers, solvents, antifreeze/coolant, and practically any other liquid in with oil before disposing of the oil.

"We know the history of our oil; it's right out of crankcases. But by accepting what DIYers haul in, we can't guarantee the purity of the oil. And we can't jeopardize a 3,000 gallon tank for goodwill."

According to Larry Northrup, director of the Convenient Automotive Service Institute, Bethesda, MD, about half of all quick lubes still accept used oil from DIYers. However, Hindman feels most will follow Jiffy's example once they understand the liabilities.

If motor oil is branded a hazardous waste by either federal or state governments, DIYers may encounter difficulties finding legal places to dispose of their oil.

For instance, Mike Burke, vice president of Cal Auto Supply, San Jose, CA, said the state's new regulations haven't really changed oil selling policies except for disposal. "California has set up oil recycling stations. They're the only people that can accept oil from DIYers. We don't even have to post signs or anything. The only difference per se is where to refer the customer when he asks where to throw away the oil. It used to be any gas station, but now you have to be certified by the state. Other than that, there's no change at all."

What Might Happen

California might be a good microcosm of what will happen if the EPA makes oil a hazardous waste. At Jiffy Lube, Hindman noted, "Our insurance costs went up a bit, but with 120 stores in California we were able to soften the blow. We had no costs in adapting our system to the state. So it wasn't a major issue."

A spokesman for Grand Auto, Oakland, CA, said Grand recycles oil used in Grand service bays. However, policy on accepting DIY oil is "still under review. We have no formal policy on it."

Lief Peterson, hazardous materials specialist at the California Department of Health Services, Sacramento, CA, said disposal should not be a problem. "We have a hot-line 800 number listing the locations that will take oil by zip code. There're still quite a few gas stations, the community colleges, and official state sites. And there're always refuse collectors at the curb. DIYers can put oil in sealed containers right next to their garbage."

So we have an interesting situation. Properly disposing of used oil is good and most installers have already set standards and made plans for disposing of their oil. The net result of environmental laws on installer's oil has been slight. As Gary Hunt, vice president of merchandising at R&S Strauss, Union, NJ, which still has a policy of accepting used oil from DIYers, noted, one chief difference he can see is signage in the stores reminding DIYers that R&S accepts used oil. Another is paying a nickel a gallon to have it hauled away by a certified hazardous waste hauler. "We used to *get* a nickel a gallon for our oil."

In addition, neither Hunt or Yodzio or Burke saw many DIYers looking for places to dump their oil. That would seem to be the crux of the issue. Although estimates varied widely, as much as 70% of all motor oil is installed by DIYers. A great deal of consumer education and a readily available network of collection of used oil sites seems to be a necessity if we're going to end the motor oil mess. ■

ANOTHER OIL CONCERN

While motor oil is the major worry of oil companies, there is also concern among environmentalists about the high density polyethylene (HDPE) bottles used by all the major oil companies.

In all, 2.339 billion pounds of HDPE blow-molded plastic containers were sold in 1987. That's about 10 pounds per person. Of this total, about 39 million pounds were recycled.

The bottles used for motor oil (and detergents and cleaners) made up some 895 million pounds of the HDPE mass (if you want a number, there're about seven jugs to the pound). Milk jugs accounted for 740 million pounds. These two uses made up about 35 million pounds of the recycling.

The milk jugs are currently used for plastic lumber. During the recent APAA Show in Chicago, the city of Chicago dedicated a park made totally from plastic lumber.

Margo Siekirka, a sales rep for Eaglebrook Plastics, Chicago, one of half a dozen companies working on uses for HDPE, said that milk jugs were easier to use because there was no paint or dye contamination. Plastic lumber has several advantages over wood simply because it doesn't rot. However, it does lack the structural strength for, say, housing.

There has not been much work done with oil bottles yet, mainly because they are painted or dyed. Right now, oil and detergent bottles are made into flower pots, cartons, pipes, and trash cans.

And, as we went to press, Texaco announced that the Sonoco Graham Co., York, PA, will begin blow-molding HDPE plastic bottles for Texaco oil that are partially made from recycled plastic.

WHAT IS OIL USED FOR?

Automotive lube oils of all types accounted for over half of all refined lubricating oils in 1988. Of approximately 1.4 billion gallons, about half are sold retail (in quart bottles to DIYers and bulk to installers) for use in crankcases.

Use	1988 Gallons (add 000)	% Of Total
Automotive Engine Oil	1,100,937	46%
Aircraft/Two Stroke Engine Oil	21,576	1%
Transmission/Hydraulic Fluids	219,724	9%
Gear Oil	50,272	2%
Automotive Oil Subtotal	**1,392,509**	**58%**
General Industrial Oils	370,919	16%
Industrial Engine Oils	141,541	6%
Metalworking Oils	68,231	3%
Process Oils	417,387	17%
Industrial Oil Subtotal	**998,078**	**42%**
Grand Total	**2,390,587**	**100%**

Source: National Petroleum Refiners Association

Newark, CA. Evergreen is one of the few companies in the U.S. re-refining oil (most used oil is simply cleaned of water and debris and sold for fuel use in ships' engines). That's why the EPA and environmentalists would like to encourage recycling.

Susan Keene, environmental manager at Evergreen, said the company processed about 17 million gallons of oil in 1988. Most of it is sold to blenders for industrial uses, although there is no reason it could not be used for automotive oil blending. Evergreen plans on opening a second plant in southern California in the near future.

The EPA's ruling on oil as a hazardous waste was immediately challenged by environmentalists. And, in a court case—Hazardous Waste Treatment Council vs. U.S. EPA (December 1988)—the District of Columbia Appeals Court ruled the EPA must base its decisions on health and safety considerations only, and ordered it to re-study the issue.

That's where the federal standards remain at the moment. The EPA may make a decision by the end of this year and, based on the court's ruling, the EPA would have to classify oil as a hazardous waste. But, several senators and congressmen have introduced bills that would prohibit the EPA from labeling used oil a hazardous waste. In addition, some of the bills would require the government to use recycled oil wherever possible as an incentive to re-refine oil.

One example is a bill (S. 1181) introduced by Senator John Heinz (R-PA) that will require petroleum refiners to recycle at least 33% of the oil they sell the first year and 2% more each succeeding year. However, the bill would allow refiners to buy recycling credits from recycling companies. Another bill introduced in the House by Ike Skelton (D-MO) would require the EPA to develop management standards for recyclers of used oil rather than label it hazardous waste.

The consensus in Washington is that Congress will pass some kind of bill controlling oil before the EPA rules, and that the EPA will be happy for it to happen that way.

State Legislation

But, several states have already passed legislation making motor oil a hazardous waste. At this writing, California, Massachusetts, Missouri, New Jersey, and New York have listed oil as a hazardous waste, and several more states are considering such legislation.

In Massachusetts, Cynthia Bellamy, regional planner for the State's Division of Hazardous Waste, said the law was not new. "It's been on the books since 1974: Chapter 21, Section 52A. It says anyone who sells oil has to install storage tanks and accept up to two gallons of used oil with proof of purchase. But we really couldn't enforce this. This year, we've made an effort, because we had several calls from citizens who've been saving their oil and don't know what to do with it."

So this Summer, Bellamy and her staff inspected about 20 retailers for compliance. They chose chain stores such as ADAP and the major discount stores because if one store in the chain is in compliance, the chain can bring all stores into compliance.

"Mostly, we found what we already knew," Bellamy said. "Some chains like Sears already accept oil. ADAP has had a policy of accepting oil for two years. K mart takes it, Skaggs has begun accepting it."

Wayne Yodzio, general manager of ADAP, Avon, MA, said complying with the law was not difficult. "Basically, we put signs in the oil section instructing consumers that we're a waste oil center. With a sales receipt, we accept oil in a sealed container. We, in turn, pour it into a 55-gallon drum in our back room that's clearly marked hazardous waste. Every two weeks a recycler empties our drums."

WHAT'S IN A BARREL OF OIL?

An average 42-gallon barrel of crude oil yelids only 2.5 quarts of lube oil when it's refined. So, it takes two barrels of $17.84/barrel (U.S wellhead price 9/28/89) crude oil to refine enough motor oil for the average DIYer to change his oil. You might pass that figure on to the next DIYer who complains about paying 99-cents for a quart of oil. Here's how the rest of the barrel breaks down:

Almost 20 gallons of gasoline

12 gallons of heating oil

Almost four gallons of jet fuel

Almost four gallons of other petroleum products (road asphalt, coke, kerosene, etc.)

2.5 quarts of lube oil

Two gallons are lost in processing

Source: American Petroleum Institute, Washington, DC

It's necessary to put the drums inside the store since if the container is outside the building, the chain would have to provide secondary containment and lock the barrel so people can't put other things in it. Yodzio said the only problem is cost. "It costs 45-cents a gallon now because there're only two companies in Massachusetts doing it. But we don't get anywhere near 10% of the oil back. We sell maybe two million gallons a year and there's no way we get 100,000 gallons back. But if the loads get heavier, we might buy some suction machines to mount on our trucks and ship it ourselves."

Move In Phases

Bellamy said her office was moving in phases. "We want to set up a sufficient network of centers for used oil. In the next phase we might get up to 1,000 centers. Don't forget there're almost 10,000 outlets in the Commonwealth with permits to sell oil. Once we have a network of centers to accept oil, then, we plan a public education campaign. You have to work for the long haul."

In the next phase, Bellamy said her division would probably concentrate on hardware stores, marinas, and supermarkets. As Yodzio noted, a benefit of the law for auto stores might be taking drug and grocery stores out of the oil business. In addition, if more stores accept oil, the number of recyclers might increase, and lower the collection price. Still, as Bellamy conceded, there is a lack of funding and manpower to enforce the law.

But, Massachusetts might pass even tougher laws on motor oil sales. A bill, introduced by state legislator Steven Angelo (D-Saugus) would place a 50-cents a quart deposit on the oil (not the bottle) bought by DIYers. The DIYer would get his money back when he brought his oil back. Those who didn't would forfeit the deposit to the state.

Bob O'Koniewski, senior research analyst for the State Legislature's Committee on Natural Resources and Agriculture, said, "The feeling among many regulators is that if stores don't want to take responsibility for the oil they sell, they should not be in the oil business."

O'Koniewski cited the fact that outside of Boston, virtually every Massachusetts town is dependent upon well water, and oil leaching into the soil is a prime contaminant of wells. "The law's not working now. This law, at least, gives people an incentive to return oil. We also want to educate consumers. People don't know how bad oil is on the environment. They throw it away: out of sight, out of mind."

Although the bill has been introduced twice and never brought to the floor of the legislature, O'Koniewski is more optimistic this year since a key sponsor is Ken Lemanski (D-Chicopee), a vice chairman of the Ways and Means Committee.

Needless to say, the state gas station associations, the quick lubes, and the petroleum industry are solidly behind the bill.

Quick Lubes Set Standards

While the quick lube industry might have ulterior motives in supporting bills that might discourage DIY sales, there's no doubt that the industry has taken the lead in setting standards for handling used oil.

At the largest quick lube, Jiffy Lube, Baltimore, Mike Hindman, chairman of Jiffy Lube's EPA Committee, noted, "The entire movement of our oil from

REGIONAL MARKETS:
A LOOK AT THE SPANISH WEST

by **P. Royall Katcher,** Research Editor

The area we call the "Spanish West" runs along the Mexican-American border from the southern rim of Texas to the Pacific coast of California. It's hot and dry. The geography includes mountain ranges, deserts, sea coasts, major cities, and small towns.

The thing that distinguishes Spanish West from the rest of the U.S. is the heavy Hispanic—and in this area that largely means Mexican—influence. Until 1848 and the treaty that ended the Mexican War, this land was owned by Mexico. Today, some 43% of the area's population still claims Hispanic origins. And, according to Strategy Research Corp., New York, some 91% of those claiming Hispanic origins in the U.S. Southwest give Mexico as their country of origin.

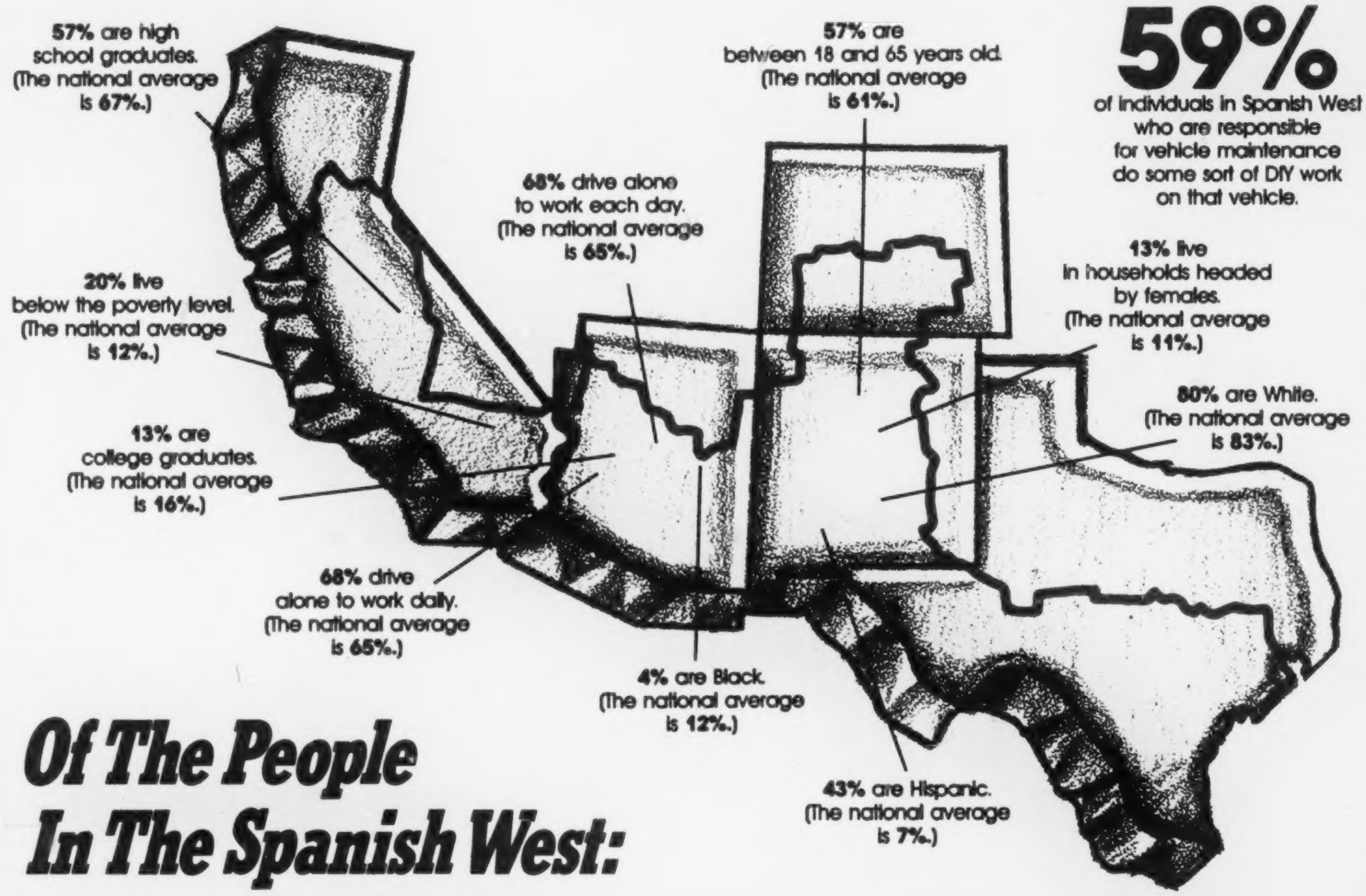
Therefore, much of what is true of Mexicans as a whole is true of Spanish West. There is a high percentage of Roman Catholics in the area. Spanish is a common second—and often first—language in the area. Family-oriented activities are among the most popular activities. Hispanics tend to prefer larger American-made cars, and regional car DIY ownership bears this out.

Finally, it's a fast-growing area, thanks in large part to the Hispanic birthrate. The National Center of Health Statistics, Washington, DC, reports an 11% increase in Hispanic births between 1983 and 1985, the most recent year for which data is available. Non-Hispanic births in the same period were up only 3%. Moreover, 40% of these Hispanic births were in California and 25% in Texas, mostly in Spanish West.

Hispanics are not the only sizeable ethnic group in this area. Large sections of the country are inhabited largely by Native Americans, mostly in the South Western states of Arizona and New Mexico.

Despite cultures which are often considered conservative, many of the nation's trends have their birth in Spanish West. While Hispanic and Native American mores may change slowly, Los Angeles positively throbs with new ideas and ways of doing things. There, as throughout much of Spanish West, the automobile has become vital to the local way of life. It's significant to note, therefore, that one of the country's leading auto parts chains, The Pep Boys, has had some of its fastest growth in this area. And, the nation's largest chain, Northern Automotive, has its headquarters in Spanish West. The area also contains the largest single concentration of automotive hobby and performance market manufacturers in the country.

Look for more automotive aftermarket retailing to come out of Spanish West in the future. ■



57% are high school graduates. (The national average is 67%.)
57% are between 18 and 65 years old. (The national average is 61%.)
59% of individuals in Spanish West who are responsible for vehicle maintenance do some sort of DIY work on that vehicle.
68% drive alone to work each day. (The national average is 65%.)
13% live in households headed by females. (The national average is 11%.)
20% live below the poverty level. (The national average is 12%.)
80% are White. (The national average is 83%.)
13% are college graduates. (The national average is 16%.)
68% drive alone to work daily. (The national average is 65%.)
4% are Black. (The national average is 12%.)
43% are Hispanic. (The national average is 7%.)

Of The People In The Spanish West:

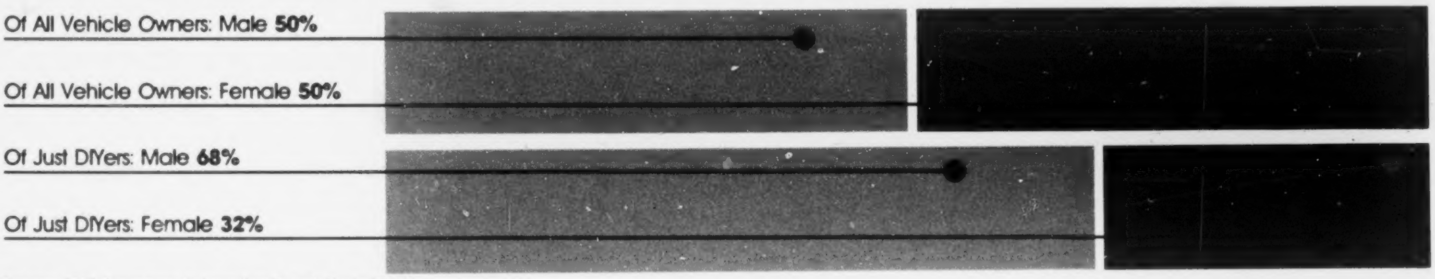
In all, 59% of those who live in Spanish West and are responsible for taking care of a motor vehicle do some of maintenance work themselves. Another 11% aren't actually responsible for maintaining a vehicle, yet also do-it-themselves. These figures are virtually the same as the percentage of DIYers nationally.

Of all Spanish West DIYers, the largest single group by age, 28%, are between 25- and 34-years-old. Some 60% of them spend between one and five hours during the average month performing vehicle repairs or maintenance. Almost half, 47%, say they can do only "some" automotive DIY jobs, while another 30% say they can do "most" automotive DIY jobs.

While 13% of Spanish West inhabitants have graduated from college, 24% of Spanish West DIYers claim the same credentials. A quarter of Spanish West DIYers have never been married, while 56% are currently married. Some 28% make less than $20,000 annually.

SPANISH WEST: GENDER

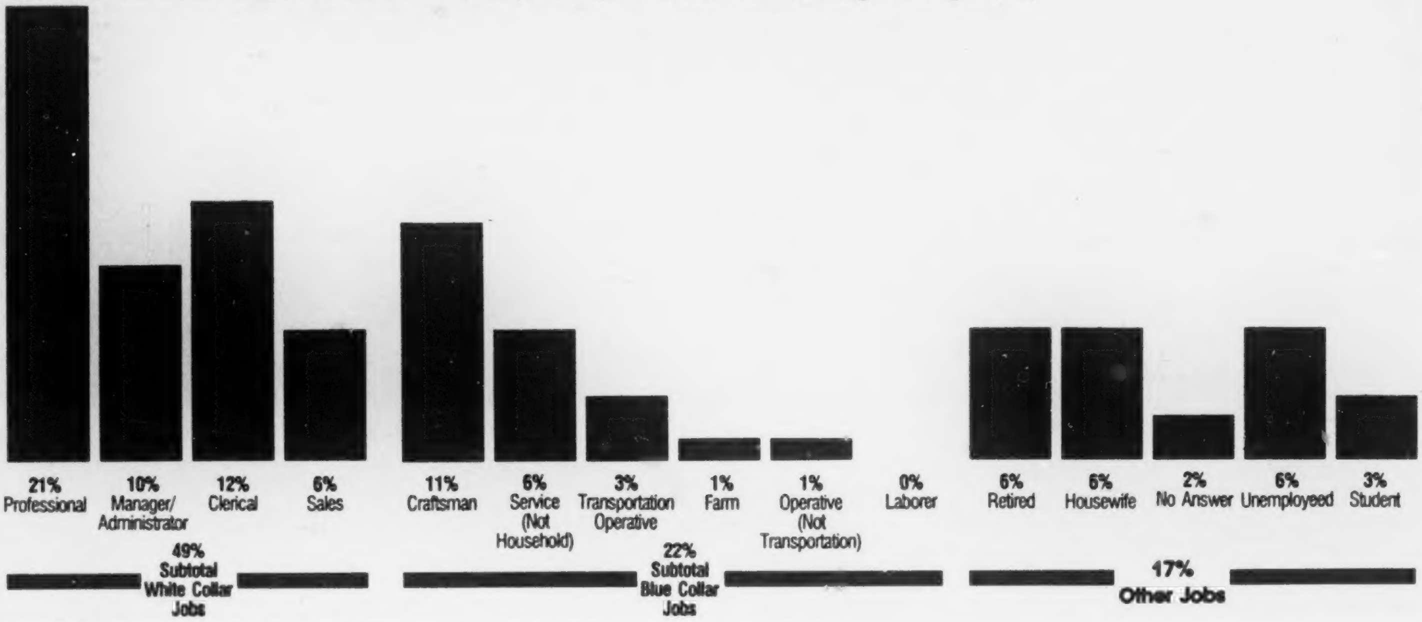
Males and female vehicle owners are equally divided, but more men do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

SPANISH WEST: DIYERS & THEIR PROFESSIONS

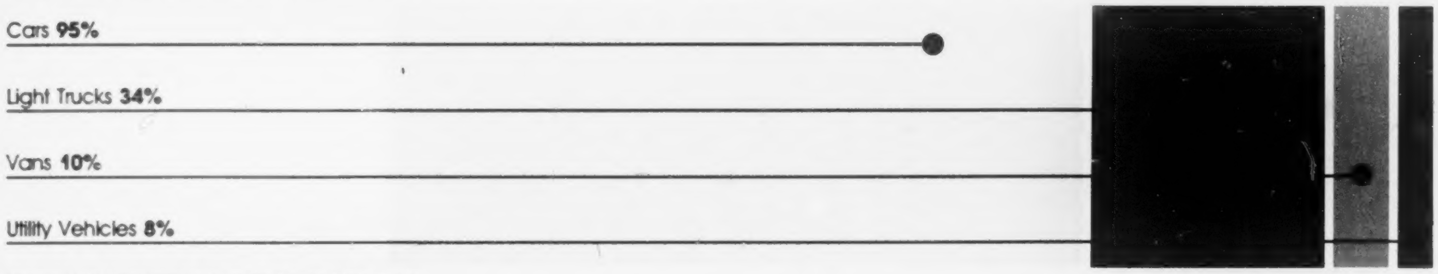
Almost half the area's workers now have white collar jobs, despite the traditional local large farming industry.



Source: 1989 Consumer Automotive Repair Study (CARS) May not total to 100% due to rounding and multiple answers

SPANISH WEST: DIYER VEHICLE TYPES

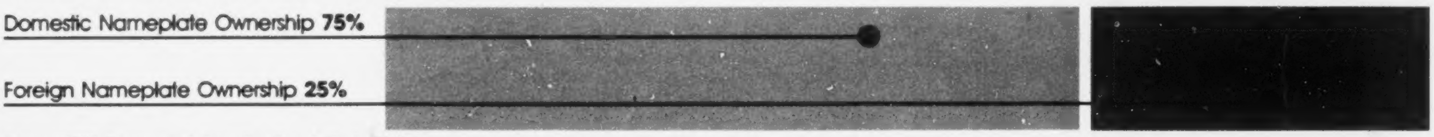
A light truck can be found in over a third of the households in which a vehicle is owned and in which a DIYer lives.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

SPANISH WEST: DIYERS & THE VEHICLES THEY OWN

Of Spanish West DIYers, vehicles with a domestic nameplate are clearly more popular than vehicles with a foreign nameplate, even though parts of California are heavily populated by foreign cars.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

REGIONAL MARKETS:

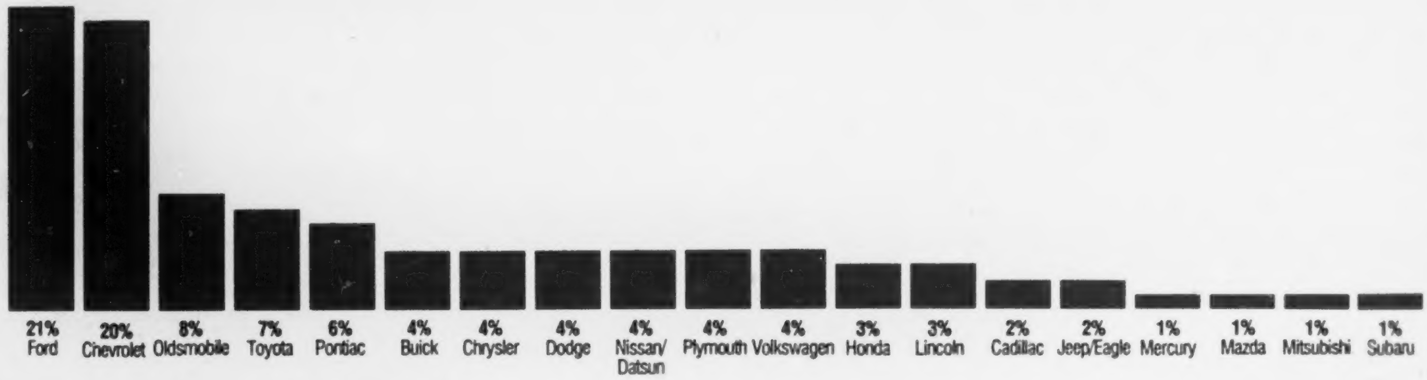
In terms of enjoying DIY work, 45% enjoy it "somewhat," while another 20% enjoy working on their cars a lot. Only 20% are doing less automotive DIY work than they did five years ago. Of this group, a quarter say their involvement has decreased because of complex technology while another quarter simply doesn't have as much time for DIY. Of those who are doing more, almost half, 45%, do it for the fun of it.

In all, 41% of Spanish West DIYers maintain only one vehicle. Light trucks are very popular in Spanish West. Therefore, it's no surprise that almost half, 49%, of light truck maintainers report that their light truck is their only vehicle. Another 38% maintain two vehicles.

Dry, warm conditions allow vehicles to stay on the roads longer in Spanish West than in many other areas of the country. In all, 35% of Spanish West DIYers maintain cars made in 1980 or earlier. Of light truck DIYers, 39% report their light trucks were made prior to 1980. Almost all of them are domestic nameplates. These prime DIYer vehicles ensure automotive parts store sales in the area. ■

SPANISH WEST: DIYERS & THEIR VEHICLES

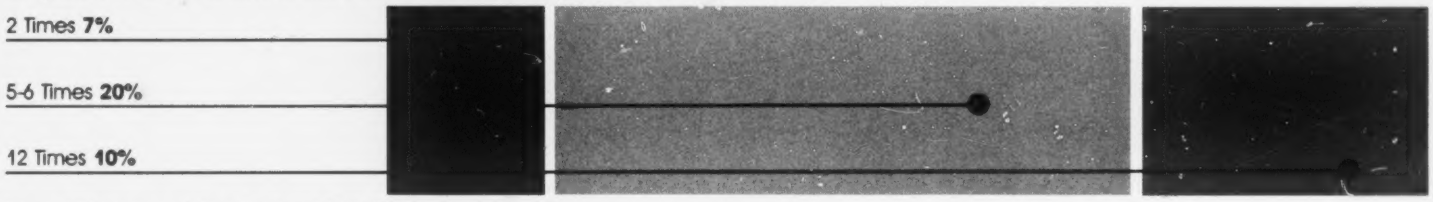
Domestic vehicles are the most popular among DIYers. Here's a list of the most popular makes and the percentage of DIYers who own them.



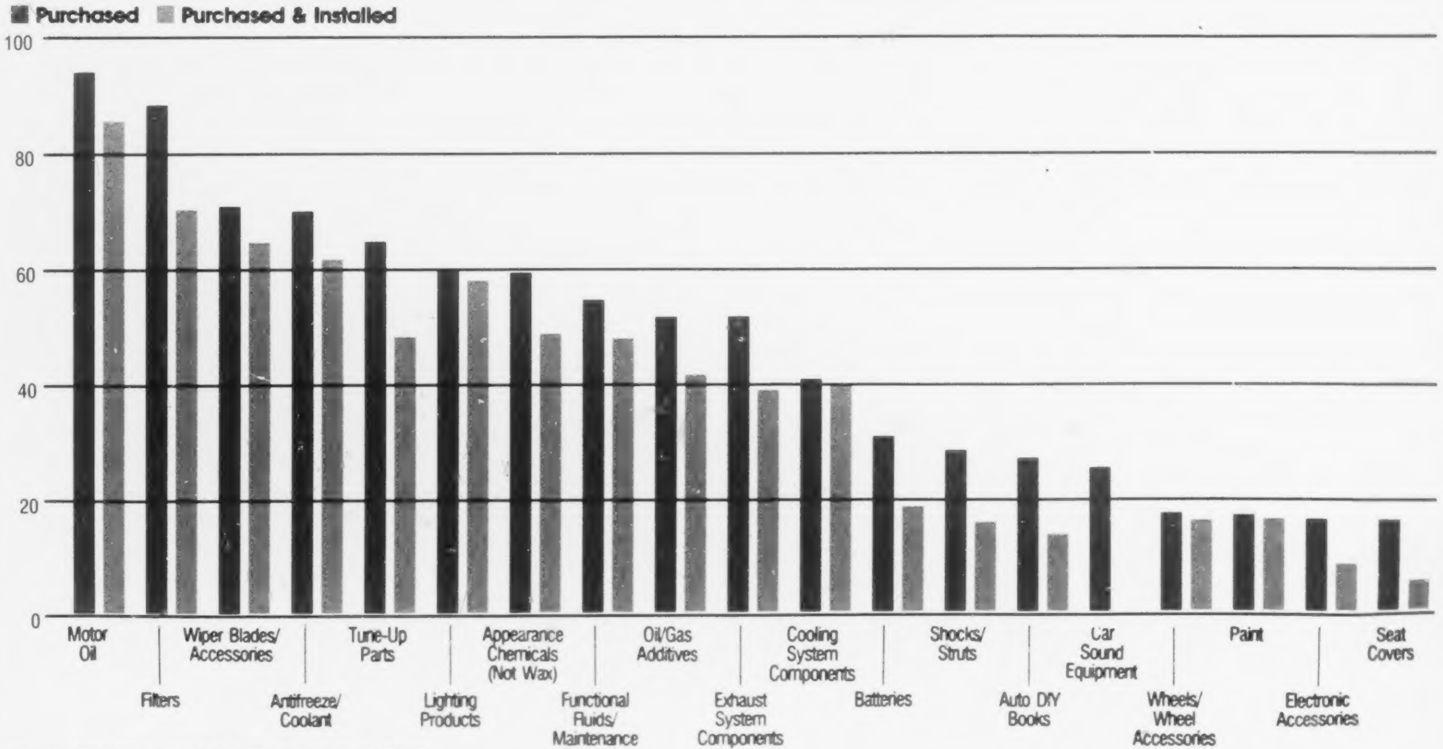
Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

SPANISH WEST: SHOPPING FREQUENCIES

Of Spanish West DIYers, 20% of them shop for automotive products five or six times a year.



Source: 1989 Consumer Automotive Repair Study (CARS)
Does not total to 100% due to omitted responses



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

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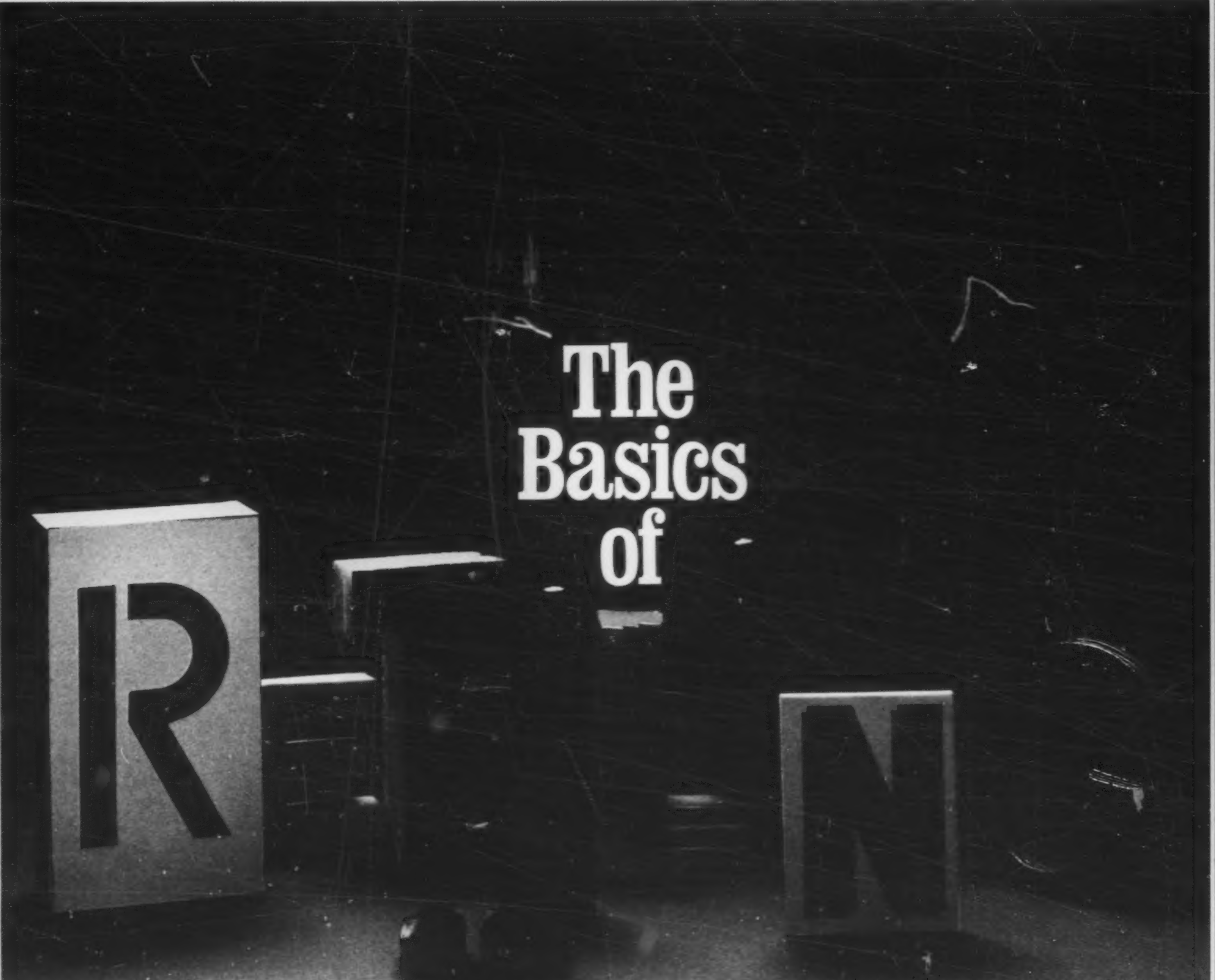
AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

JANUARY 1990



The Basics of

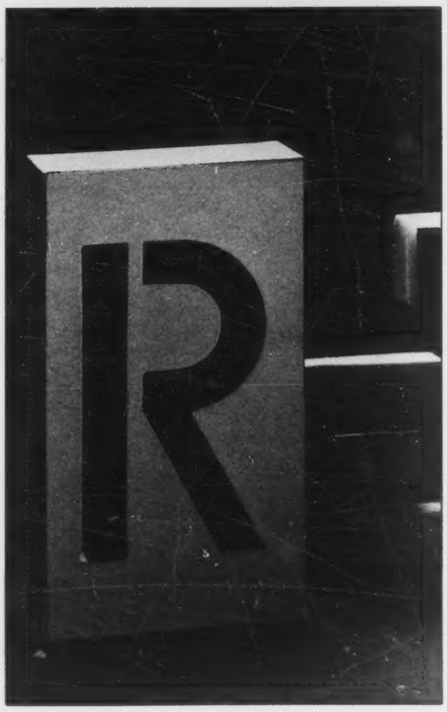
The cast remains the same: Products, Customers, Retailers, but their character is changing.

AM's look at market regions: Consumers of The Northeast

Chilton's

AUTOMOTIVE MARKETING

January Issue/Volume 19, Number 1



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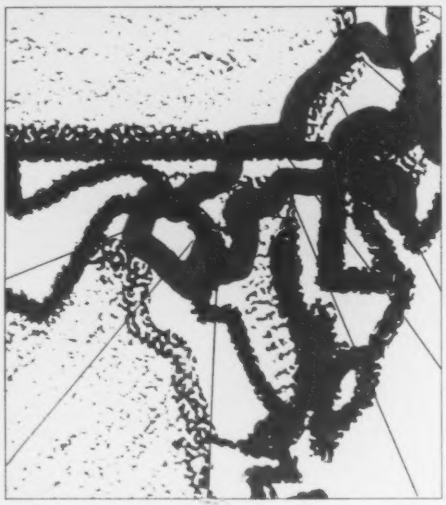
Retailing's three basics—products, consumers, and employees—are in the midst of turbulent change. What these changes consist of, and how retailers meet them, is important to the retail aftermarket's future.

Regional Markets: Megalopolis North 24

In this fifth part of a series on consumers in different regions, we look at Megaloplis North. What makes the automotive store customers who live here different?



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MARKET LINE

Antifreeze: Prices Down, Supplies Up, Back To Normal in 1990.

"What a difference a year makes," Dave Lundstedt, market manager for antifreeze/coolant at First Brands (Prestone brand), Danbury, CT, said.

"This time last year (December) we could have sold twice as much antifreeze if we had any glycol on hand to make antifreeze. We were completely out of stock. Everything we made was shipped. We had a pile of orders waiting. Now we have stocks of inventory."

Last year (when antifreeze people talk about last year, they mean the 1988-89 buying season) was a winter the four major suppliers of branded antifreeze would like to forget.

Early in 1988, the supply of ethylene glycol, the chief ingredient of antifreeze, started to dry up. As a result, the per pound price for glycol (usually about 18-20-cents) more than doubled. Since there are about nine pounds of glycol in one gallon of antifreeze/coolant, consumer prices also rose dramatically.

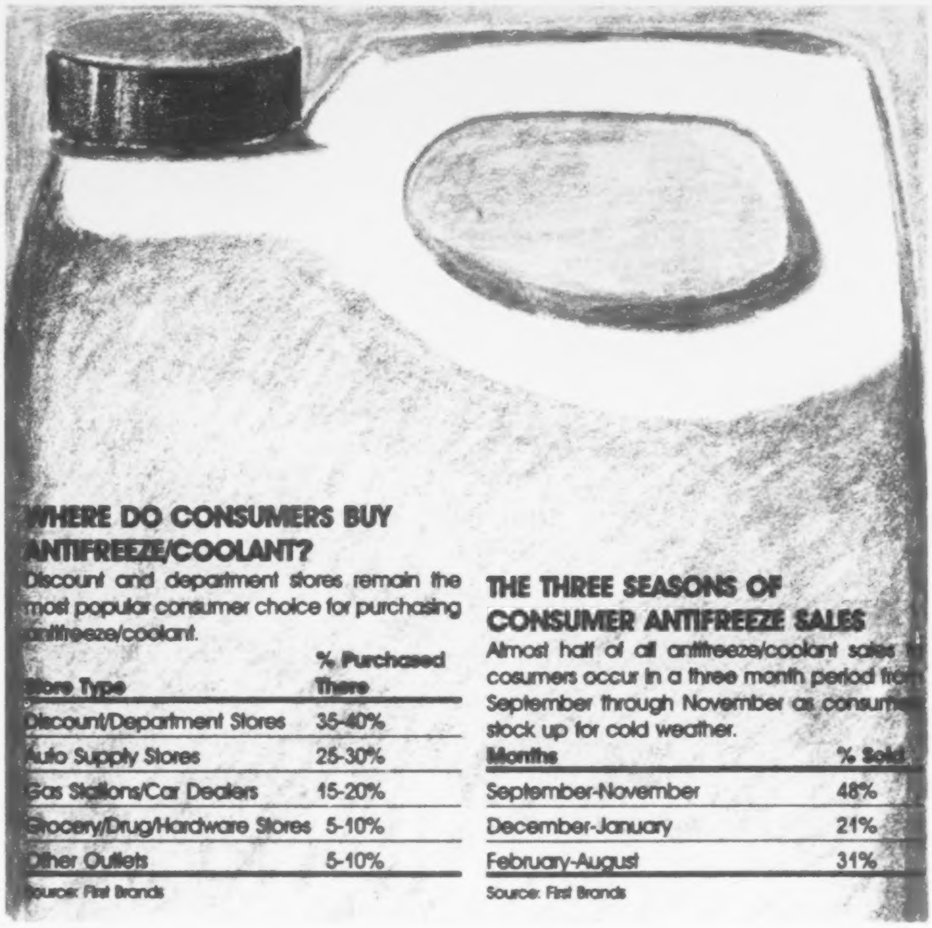
About half of all antifreeze is sold to consumers from September through November. Lundstedt noted that trade sales in July and August of 1988 (when retailers stock up for the buying season) were almost double those of July and August of 1987. Retailers began panic buying to beat the expected price increases. "You also had a lot of small retailers going into K marts and Wal-marts and buying 10-20 cases just to have some antifreeze on the floor," Lundstedt said.

As a result of over buying, retailers accumulated large inventories of antifreeze. And, while retailers increased their buying in 1988-89, consumers did not. And so, the winter of 1988-89 is having a severe impact on the winter of 1989-90. Lundstedt noted that consumer buying in September and October was down considerably, but November sales looked good.

Executives of the three other major antifreeze/coolant suppliers agreed with Lundstedt's assessment. At Texaco, Mike Milenz, manager for national accounts marketing at Texaco Lubricants, Houston, said, "I think total sales for the 1990 winter season will be down significantly. As much as 20-45% off. The reasons? Everybody scrambled to get product last year and paid a pretty high price. Now there's a lot of stuff sitting out there. Nobody wants to buy more. They're waiting for the price to go down. I don't think anybody realized just how much consumer resistance there'd be to $9-$10 antifreeze."

Mike Barcum, senior vice president at Old World Automotive Products (Peak Brand), Des Plaines, IL, said, "The market took a dive this year. Retailers are managing their stocks closer. There's a lot of carry-over inventory from 1988 and they're not making the same mistake this year. The retail volume is way down from the year prior. We did a spring survey that showed there is a lot of inventory sitting in consumers' garages. There was a shortage and the media played it up as a scare. So a good percentage ran out and bought more than they needed. Then too, there was good weather last year with no real deep, hard freeze. But, we do see better sales right now (November and December)."

Tom Meinhert, business manager for



WHERE DO CONSUMERS BUY ANTIFREEZE/COOLANT?

Discount and department stores remain the most popular consumer choice for purchasing antifreeze/coolant.

Store Type	% Purchased There
Discount/Department Stores	35-40%
Auto Supply Stores	25-30%
Gas Stations/Car Dealers	15-20%
Grocery/Drug/Hardware Stores	5-10%
Other Outlets	5-10%

Source: First Brands

THE THREE SEASONS OF CONSUMER ANTIFREEZE SALES

Almost half of all antifreeze/coolant sales cosumers occur in a three month period fro September through November as consum stock up for cold weather.

Months	% Sold
September-November	48%
December-January	21%
February-August	31%

Source: First Brands

BASF (Zerex brand), Parsippany, NJ, said, "A lot of retailers are carrying holdover inventory which diminished the early buy peak season. The market's a little soft, but nothing dramatic. For 1990, we see no worries about a glycol shortage. Plenty of availability but no over supply."

Prestone's Lundstedt, who's head of the Chemical Specialty Manufacturers Association committee that charts antifreeze/coolant sales, noted that 216 million gallons were sold in 1988, but that he expects a decline in the 1989 survey underway now.

Prices Down, Rebates Back

Lundstedt noted that the real trade loss in industry antifreeze/coolant sales came not from branded product, but from bulk sales to contract packagers and regional blenders for private label sales (usually more than 40 million gallons).

"That was missing last year. Zerex, Peak, and Texaco all increased their market shares last year because private labels just about disappeared. Private label, as a whole, had the number two market share. Back in 1987, most retailers stocked Prestone and a private label. Last year, they replaced private labels with Zerex, Peak, and Texaco.

" Currently, we're not doing any private label. Two years ago, I could reel off 20 accounts. It's tough to plan on private labels. Not many months ago the industry expected a tight market. But now there's plenty of glycol. But it's too late for this year. It will be interesting to see if private label sales return in 1990. It could increase and come back for 1990-91," Lundstedt said.

So because of the unusual circumstances of 1988-89, perhaps this may be a bad year to evaluate the market shares of antifreeze/coolant makers. Lundstedt noted that the A.C. Nielsen, a Northbrook, IL, market research firm, 1989 rankings still showed Prestone at about 60% of the branded market. Although none of the other majors doubted that First Brands still held a wide lead in branded sales over its nearest competitors, they suggested that its total market share was lower. As BASF's Meinhert commented, "Prestone is a formidable competitor. They have the strength of distribution, the marketing and the name in the market."

Perhaps it's more accurate to say that Prestone remains the only brand that can command a premium price. Once First Brands sets a price on Prestone, the other three majors come in 60-90-cents under it. In previous years, private labels made up the lowest price point, below the major brands. A typical early fall trade price list would be $6.99/$6.25/$5.99. However, because of the dearth of private labels, the 1989-90 prices have seen some of the majors go under these prices.

Texaco recently has been quoting prices under $5. Texaco's Milenz noted that 1989-1990 has been an "interesting, educational year. The sky's the limit on pricing. Our strategy is to broaden our base and keep our market share. Sure, we're anxious to move inventories. For one thing, the product can deteriorate in storage. It has a limited shelf life. And, we have money tied up in inventory. We package a lot and rather than carry it over, I'd rather drop the price and move it out. We have designs on growing the market. Antifreeze fits in our overall scheme of fuels, lubricants, and antifreeze. We have excellent technology and the leading position in factory fill. The OEM is the only business that held up last year. Texaco will continue to offer the most competitive price. And, we have a few surprises for the competition in 1990."

Meinhert commented that Zerex "volume is up 50% over a year ago. That translates to national distribution in K mart, Wal-Mart, Target and auto retailers like Pep Boys and AutoZone. All of these represent new opportunities. So we feel 1990 will be a terrific year for the Zerex brand. We intend to resist pricing pressures. We want to put together a total marketing program. You can't do that with pricing. The price consumer is not my target consumer."

Likewise, Old World does not want to get into pricing wars. "It's difficult to say where we see ourselves in 1989," Barcum said. "In 1988, we were definitely number two, pricing higher than Zerex and Texaco. Some of the trade will buy Prestone, then buy the lowest price brand as a second label. But if they're looking for promotion, they'll buy Peak. That's where we can hook up with a chain positioned not to sell on price. We don't sell national discounters like K mart and Wal-Mart. We're a little concerned at what they do. They football the price around. For a lot of people, that's good strategy. But it doesn't fit our strategy: build traffic at a profit.

"We've really challenged Prestone in consumer and trade advertising. Previously, there was no real alternative. But now we have Peak spokesmen like Wayne Gretsky, Mike Ditka, and Kyle Petty. High impact commercials. We definitely feel we're making progress. In chains that promote Peak, we have the majority of business."

One thing that remains in the antifreeze/coolant business is rebates. Although rebating slowed down last year, all four majors will be rebating for the first half of 1990.

In fact, Texaco never stopped rebating at $3.50/gallon and $1.50/gallon. "Don't get me wrong, we hate them," Milenz said, "but rebates move the merchandise. We felt when the competition dropped rebates, we would continue."

Lundstedt said rebates will continue at Prestone for the first six months of 1990 at $3/gallon and $1.50/gallon. "Rebates are back. Manufacturers have high inventories and this is an effort to move them out. So this is a rebate to clear the decks."

Old World's Barcum noted, "Rebates become less of a factor as price falls. If retail prices get down to $4 again, rebates will be much less a factor than they are at around $8 (the current consumer price). We need to give consumers a reason to buy now." ■

APAA Calls For Merger

At its December meeting in Nashville, TN, Board of Governors of the Automotive Parts & Accessories (APAA) called for a combined side-by-side APAA/Big 'I' trade show. The Big 'I' Show is sponsored by the Automotive Service Industry Association and the Motor Equipment Manufacturers Association. Target date for the dual show is October 1991.■

Cardis Reorganizes: Smaller & Wiser

Despite a last-ditch attempt by the Dresdner Bank to prevent it, the Cardis Corp., Cerritos, CA, is out of bankruptcy after almost 18 months of operating under Chapter 11 protection. Cardis is the largest WD in California and also owns the Tuneup Masters specialty repair chain.

After failing to reorganize successfully in spring 1989, the second Cardis reorganization plan was approved by Federal Bankruptcy Court on November 27. The first plan failed because Cardis could not sell its Tuneup Masters subsidiary, a key provision of the plan. The second plan, however, was designed not to require a sale of Tuneup Masters.

The only creditor to mount serious opposition to the second Cardis reorganization plan was the Dresdner Bank, which million for the warehouse operation and $53.9 million for Tuneup Masters. The consolidated statement shows sales of $148 million and a net loss for the year of $24.1 million.

Walker told us that the Cardis reorganization plan calls for about $89 million in sales for the first full year of operation and close to $100 million the second year. The plan also calls for substantial payments to key debtors Security Pacific National Bank ($7 million immediately, and $29 million over seven years) and suppliers represented by the Motor Equipment manufacturers Association (MEMA) which receive $3 million in cash, $4 million in inventory and about $8 million over six years. Other creditors received stock in the new Cardis.

Walker, who came aboard in April 1989, after consulting for Security Pacific on the Cardis bankruptcy, said, "I was close enough to the details, and I had a vision the company could be successful." The keys, Walker added, were getting a decent gross margin and increasing productivity. "People expand to meet the space provided. We had 1,607 employees when we filed. Today, we have about 600. Since April, we've taken almost $4 million costs out of Cardis in people, facilities, computer systems, management systems."

While cutting costs, Walker has also been working at cleaning up discounts and promotions to its almost 2,000 customers and making sure the company gets everything it's entitled to from its suppliers. "We're trying to get back to a normal working environment. We have to focus on the future," Walker said. ■

KAUFMAN ON THE MARKET

Winners & Losers In The 1990 Aftermarket

by Edward L. Kaufman,
Contributing Editor

It's time for a look back and a look ahead. The year 1989 was disappointing for many aftermarket manufacturers, WDs, and retailers. Lindsey-Kaufman Co. estimates that total retail sales of aftermarket products and services reached $108 billion in 1989 versus $105 billion (our revised estimate) in 1988.

That's an increase of only 2.9% in current dollars (compared to the longer term growth rate of 5.5% per year). This means that for some participants, 1989 unit sales were actually lower than in 1988.

In 1989

Was the 1989 situation aberrational—possibly the result of two successive years of mild weather? We think so. The aging of the vehicle population, plus accumulated maintenance needs, should mean a return to faster growth in 1990. However, there is no denying that other factors will make for a very tough competitive environment in 1990 and all through the 1990s. These include:

- Changes in product design. A continuing movement to higher quality, longer lasting original equipment and replacement parts.
- Parts proliferation and greater inventory management problems.
- Consolidation of buying power and of advertising power.
- Continuing sales gains for foreign-make vehicles (plus the slowness of the independent aftermarket in learning how to serve the import car aftermarket).
- Intensifying competition for accessory and chemical sales.

The adjoining chart presents Lindsey-Kaufman Co.'s model of the composition of the 1989 market. Note that we believe that volume retailers accounted for nearly 25% of the total aftermarket and that traditional service dealers (car dealers, gas stations, garages) accounted, collectively, for 51%.

The traditional dealers, as a group, have been losing their share of the market for several years. For example, there has been a great attrition (which is continuing) in the numbers of full-service gas stations. As oil companies close down "marginal" outlets, many former gas station dealers are hanging on as independent garages. However, they miss the traffic (and credit card business) they obtained as gasoline retailers.

In addition, they are encountering tough competition from service specialists who have kept up with the technology and who are sophisticated about sourcing and merchandising.

Recently, car dealers have been crying the blues about declining sales and profits on new car sales. We expect that many weaker dealerships will close up or sell out to "megadealers" in 1990—continuing a long term trend. But, the survivors are tough competitors for accessory sales as well as automotive services. In fact, we believe that car dealers as a group have gained two to three points of the total aftermarket since 1986. (Note that car dealers account for about 30% of the automotive service market—the aftermarket less over-the-counter sales of parts, tires, batteries, accessories, and chemicals.)

In 1990

In 1990, we can expect to see winners and losers in all categories of aftermarket retail outlets. Thus, there will be shakeouts of highly leveraged auto chain stores and the marginal automotive operations of mass merchandisers will close. These will be offset by faster growth for well financed and committed volume retailers and specialty chains. Similarly, we'll see shakeouts of weaker car dealers, gas stations, garages, tire retailers, and jobber-retailers. Service specialists are no exception; those which lack the ability to keep up with the changing computerized systems will be in trouble. But in every category, we'll see some participants actually gaining in strength and poised for faster growth in the 1990s. ■

THE 1989 RETAIL AUTOMOTIVE AFTERMARKET (In Billions Of Dollars)

		VOLUME RETAILERS		TRADITIONAL SERVICE DEALERS			OTHER		
	Total	Auto Chain Stores	Mass Mdsrs.	Car Dealers	Car Stations	Gen. Garages	Service Specialists	Tire Dealers	Jobber Retailers
Services	$ 40.9	$ 0.5	$ 0.8	$13.1	$ 4.2	$12.7	$ 7.9	$1.2	$0.5
Repl. Parts	$ 35.5	$ 5.1	$ 3.6	$ 9.1	$ 4.0	$ 6.4	$ 3.0	$1.0	$3.3
Tires	$ 9.9	$ 1.5	$ 1.9	$ 0.1	$ 0.8	$ 0.1	$ 0.1	$5.4	—
Batteries	$ 3.3	$ 1.2	$ 1.0	$ 0.1	$ 0.3	$ 0.1	$ 0.1	$0.3	$0.2
Accessories	$ 9.5	$ 4.2	$ 2.6	$ 0.9	—	—	$ 0.5	$0.9	$0.3
Chemicals	$ 3.4	$ 1.2	$ 1.1	$ 0.2	$ 0.3	$ 0.3	$ 0.2	—	$0.1
Motor Oil	$ 5.5	$ 1.1	$ 0.9	$ 0.2	$ 2.1	$ 0.2	$ 0.6	$0.1	$0.3
TOTAL	$108.0	$14.8	$11.9	$23.7	$11.7	$19.8	$12.5	$8.9	$4.7
Percent	100.0	13.7	11.0	21.9	10.8	18.3	11.5	8.3	4.4

Source: Lindsey-Kaufman Co.

REGIONAL MARKETS:
A LOOK AT MEGALOPOLIS NORTH

by **P. Royall Katcher,**
Business Editor

The area we call the "Megalopolis North" is the mixed land of steel and concrete running from north of New York city to south of Washington, DC. It's green bedroom suburbs where cars are vital. It's urban landscapes where public transportation—trains, subways, and buses—have replaced the private car to some extent.

Nowhere are the contrasts as evident as in the population statistics. New York's inner city borough of the Bronx, for example, is 47% White, 32% Black, and 39% Hispanic. However, the affluent New York county of Westchester is 85% White, 12% Black, and 5% Hispanic. (Hispanics can also be counted as Blacks.) Only 9% of the Bronx's residents graduated from college; 28% of Westchester's are college graduates. A full 25% more Westchester inhabitants are high school graduates than the Bronx's. And half of the households in the Bronx are headed by women without a husband present, compared to only 21% of those in Westchester.

Professional automotive service availability varies from area to area within Megalopolis North. A car owner might have to drive for the better part of an hour to get to a place to have his flat tire fixed in Manhattan. But a car owner in Montgomery County, on the Maryland-District of Columbia border, can get his flat tire fixed within 15 minutes.

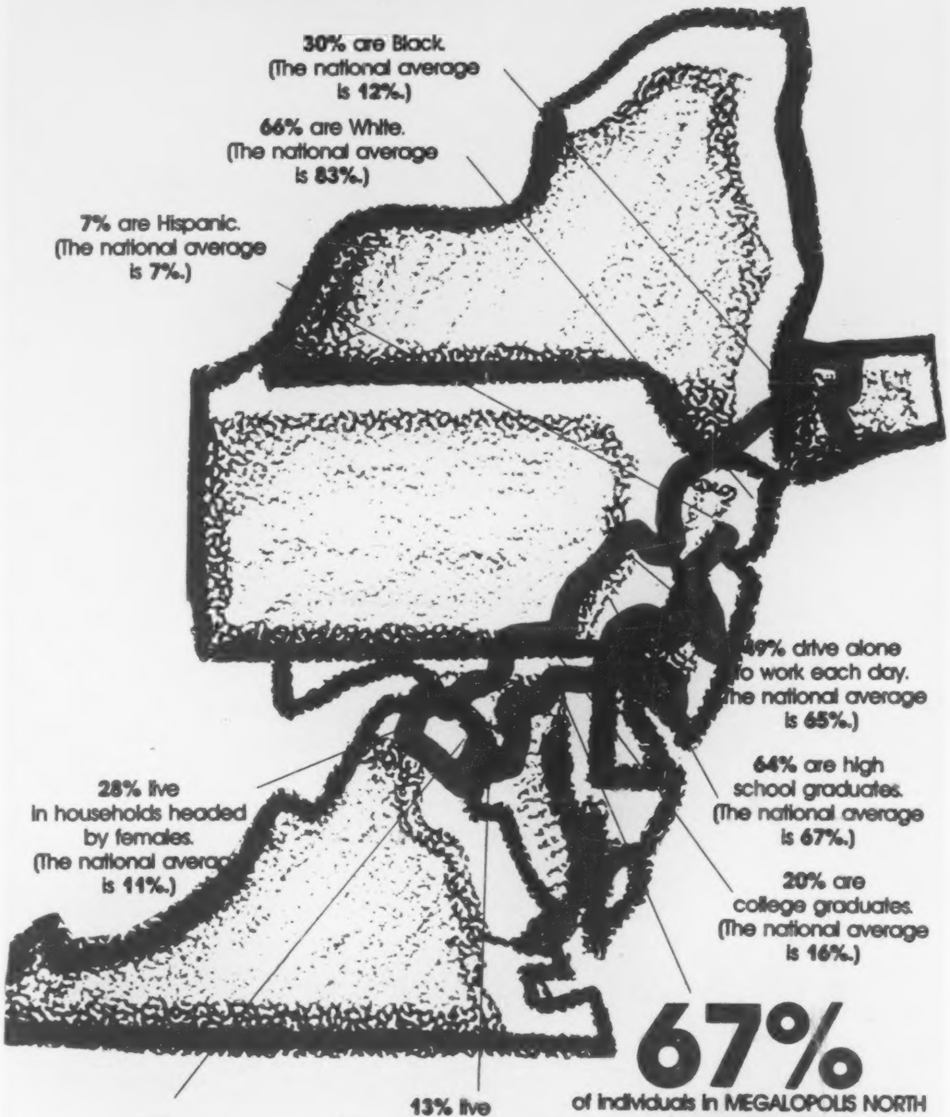
Apartments are more common within the Megalopolis North than single-family homes. This means that DIYers have to do their tasks on public streets or apartment parking lots. They can't leave a job half done in their own garage for days on end while they wait for parts. They have to get it done quickly once they start.

On the other hand, the wide availability of public transportation often means that cars aren't as vital as they are in the open areas of the West. People can often leave a car sit and take a bus or train to work or shop. Indeed, people coming into the cities from the suburbs often prefer to take a train rather than fight traffic and parking problems. As well, insurance rates in urban areas are a great deal higher than they are in rural areas. So, cars are often more of a luxury than a necessity in Megalopolis North.

Look, therefore, for as much or more of a hobby aftermarket in this area than a necessity aftermarket.

Aftermarket retailers often have peculiar problems to their area as well. In the inner city areas, crime can be a major issue for them. In the suburban areas, they often have to pay high rents for mall or strip shopping center locations. In both cases, sales per store have to be higher to offset these problems than sales per store in many other rural areas. ■

Of The People In Megalopolis North:


30% are Black.
(The national average
is 12%.)
66% are White.
(The national average
is 83%.)
7% are Hispanic.
(The national average
is 7%.)
49% drive alone
to work each day.
(The national average
is 65%.)
64% are high
school graduates.
(The national average
is 67%.)
20% are
college graduates.
(The national average
is 16%.)
28% live
in households headed
by females.
(The national average
is 11%.)
62% are
between 18 and 65 years old.
(The national average
is 61%.)
13% live
below the poverty level.
(The national average
is 12%.)
67%
of individuals in MEGALOPOLIS NORTH
who are responsible
for vehicle maintenance
do some sort of DIY work
on that vehicle.

In all, 55% of those who live in Megalopolis North and are responsible for taking care of a motor vehicle do some of maintenance work themselves. Another 11% aren't actually responsible for maintaining a vehicle, yet they also do-it-themselves.

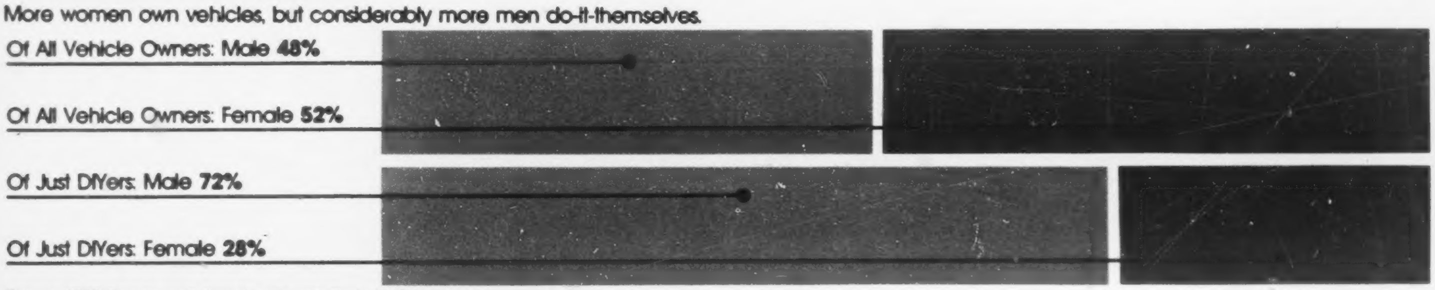
Some 7% of the Megalopolis North DIYers we talked with shop for automotive parts, chemicals, and accessories about once a month. Another 8% shop twice a year, obviously for seasonal maintenance efforts, while 14% shop four times a year. Most shop between two and six times annually.

On the whole, Megalopolis North DIYers have maintained the same automotive DIY work level, or even increased the level of work they do, over the past five years. In all, 71% of them told us this is the case. Over 29% of them expect the amount of automotive DIY work they do to increase in the future, as well.

When asked why they have increased

MEGALOPOLIS NORTH: GENDER

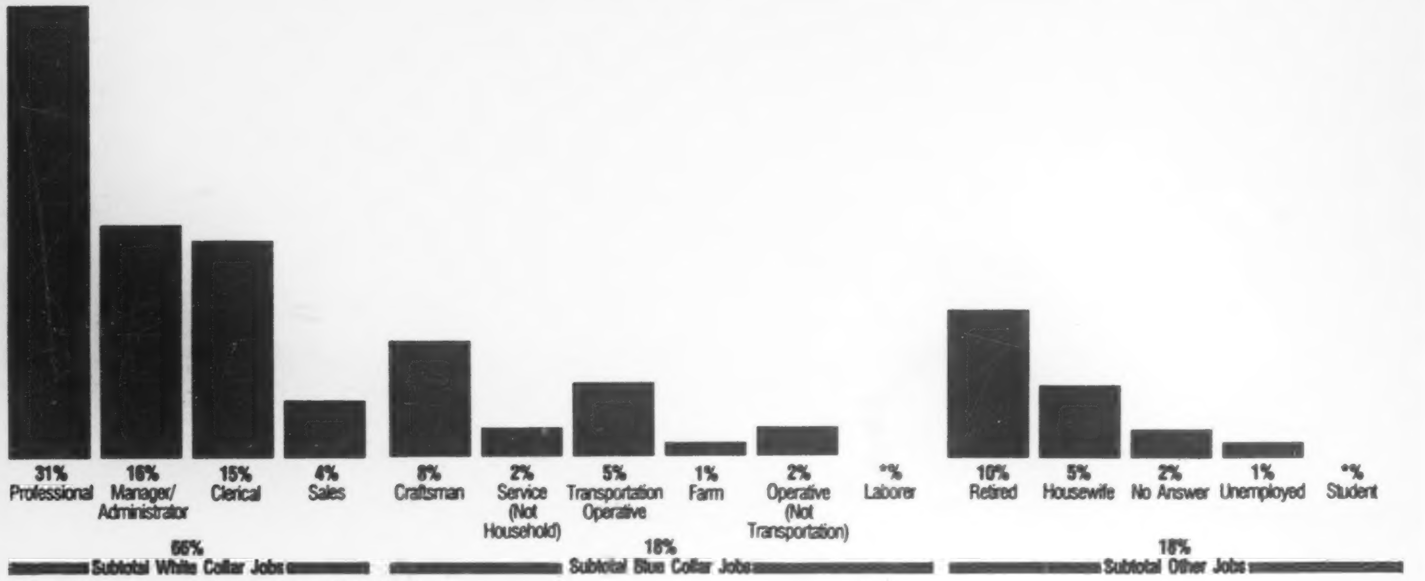
More women own vehicles, but considerably more men do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)

MEGALOPOLIS NORTH: DIYERS & THEIR PROFESSIONS

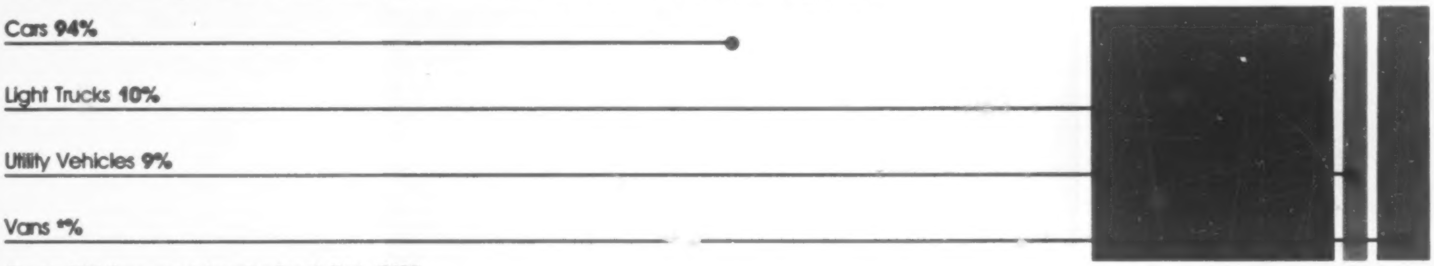
Big city DIYers are white collar workers to a very large degree. Students and laborers, however, rely on public transportation.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Number too small for accurate count.

MEGALOPOLIS NORTH: DIYER VEHICLE TYPES

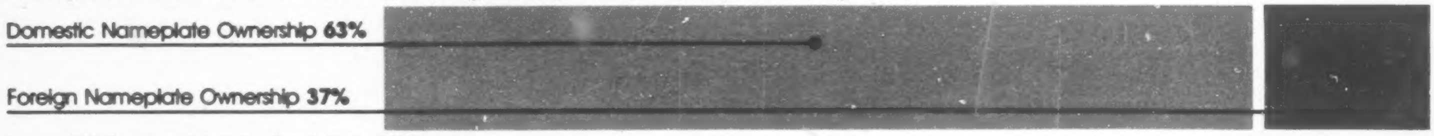
Traditional passanger cars are the most popular vehicles on city streets, even among DIYers.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Too small a group for accurate reporting.

MEGALOPOLIS NORTH: DIYERS & THE VEHICLES THEY OWN

Of Megalopolis North DIYers, vehicles with a foreign nameplate are very popular among DIYers.



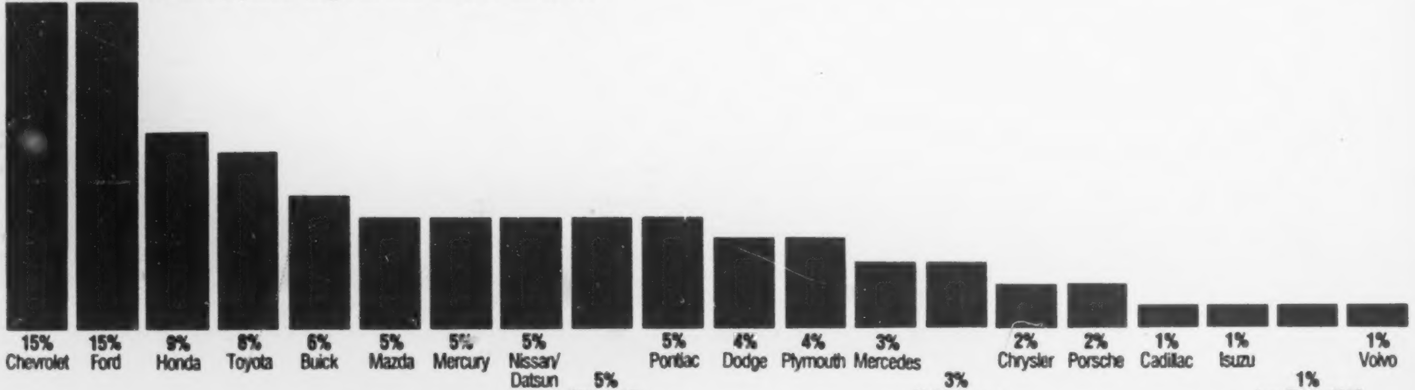
Source: 1989 Consumer Automotive Repair Study (CARS) their work, 21% said it was because they had less money to spend on professional repairs. Another 40% cited increased confidence in their DIY skills as the reason for increasing DIY. According to our *Consumer Automotive Repair Study (CARS)*, 34% of all DIYers nationally gave increased confidence as the reason for their increased DIY work.

DIYers increasing their work had other reasons for so doing, too. Of Megalopolis North DIYers, 31% said they increased their DIY level because they enjoy it. Some 21% said they enjoy doing automotive DIY work a lot and 43% enjoy it "somewhat." The rest enjoy it "not too much" (27%) or "not at all" (9%).

What do they think they can do? The answer is not as much as the aftermarket retail industry would like. In all, 51% said they could do only "some" DIY jobs, while only 21% said they could do "almost no" automotive DIY jobs. Otherwise, 23% said they could do "most jobs," while 6% said they could do just about any automotive DIY job. ■

MEGALOPOLIS NORTH: DIYERS & THEIR VEHICLES

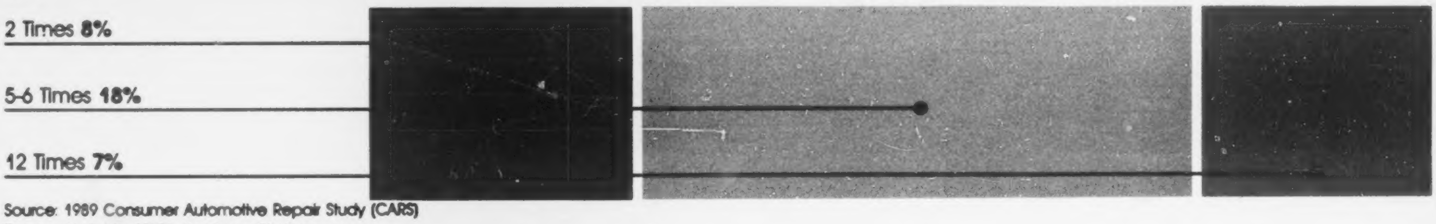
Japanese nameplates are very popular among Megalopolis North DIYers; but a number have expensive German cars, too. Here's a list of the most popular makes and the percentage of DIYers who own them.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

MEGALOPOLIS NORTH: SHOPPING FREQUENCIES

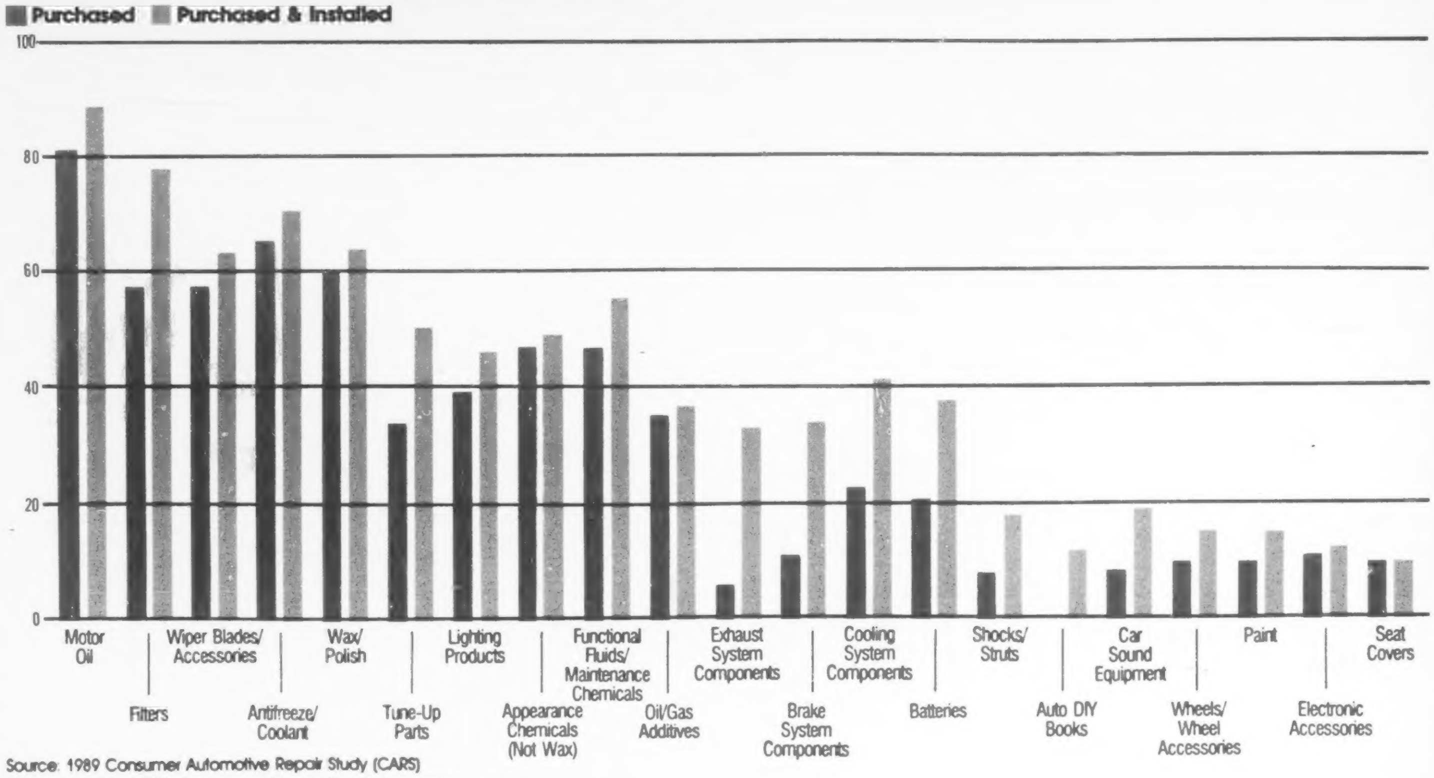
Of Megalopolis North DIYers, almost 20% of them shop for automotive products five or six times a year. Here are the three major shopping frequencies.



Source: 1989 Consumer Automotive Repair Study (CARS)
Does not total to 100% due to omitted responses

MEGALOPOLIS NORTH: DIYERS & AUTOMOTIVE PRODUCTS

The easier the product is to install, the more DIYers do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Cell too small for accurate measurement

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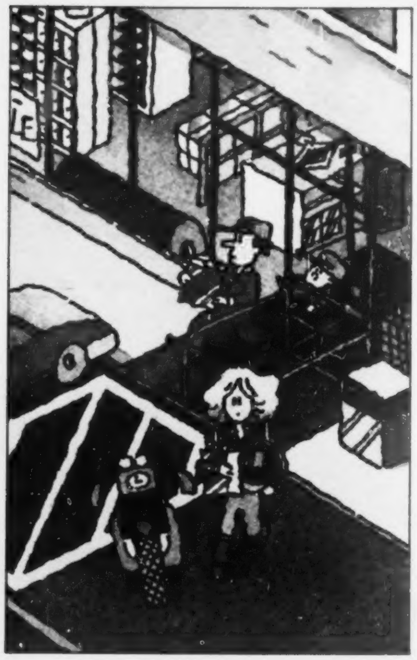

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Want to know how much to spend on advertising? Think like a train engineer.

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Are you ready to go head-to-head with your newest competition? The malls & boutiques are ready for you.

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MARKET LINE

No Mergers, One Acquisition, Slower Megachain Growth In 1989

In 1989, there were no mergers or acquisitions among the automotive retailers on our list of megachains (chains with more than 100 stores). However, Hi/LO Auto Supply Co., Houston, climbed onto our megachain list for the first time with its acquisition of 25 Fischer Auto Stores in September.

But while none of the retail megachains changed hands, we did see an increase in the number of megachains to 15. Both Hi/LO and the Springfield, MO-based Ozark/O'Reilly operation surpassed the 100 store mark in 1989.

Acquisition activity in 1989 centered on the traditional side of the market. There, APS, Houston, (113 owned stores, about $380 million in total sales) went through a leveraged buy-out (LBO) by its management, and Parts Depot, Roanoke, VA, acquired the 72 Steego stores.

In addition, Parts Inc., Memphis, TN, (more than 200 owned jobber stores) and Fisher Auto Stores, Staunton, VA, (more than 150 owned jobber stores), both added smaller jobbers to their holdings. Genuine Parts, Atlanta, raised its owned total to 570 NAPA jobbers.

And, while it may not be a megachain, the year also saw the formation of the first retail buying group as Floyd Percy put together the RPM group based in Roanoke, VA. The group is composed of 16 independent chains operating about 230 stores with sales of about $150 million.

Here's a rundown on the megachains in 1989.

Northern Automotive

Although its store count dropped slightly in 1989 as the chain closed some of its less profitable stores, Northern Automotive, Phoenix, remained the largest auto chain in the country with 860 stores.

Northern Automotive is an amalgamation of five chains: the Schuck's Autoworks stores in the Pacific Northwest, Kragen Autoworks in California, Checker Autoworks in the Southwest, Crown Autoworks in Minnesota and Wisconsin, and the ex-Perry Drug Autoworks stores in the Midwest.

Northern Automotive is a good example of aftermarket consolidation in the 1980s. The chain came to be in 1985 when parent company Northern Pacific (controlled by New York investors Eddie and Julius Trump) purchased Schuck's Automotive in Bellevue, WA, and bought four more companies in the next three years.

What the 1990s hold for Northern is still to be determined. Putting together a large chain from scratch, as the Trump brothers did, is an expensive proposition. Parent company Northern Pacific's 1988 10-K showed $610 million in long-term debt against total assets of $891 million. While retailing operations showed an operating profit of about $10 million, the net loss was about $56 million.

In addition, settling down to consolidate the five chains in 1988 proved difficult. President Dan Siewert, who'd presided over Northern's growth, resigned abruptly and was replaced by John Lacey from Northern Pacific's Canadian retailing operations.

Lacey called 1988 "Our year of embarrassment." In 1989, Lacey cut expenses and consolidated the operations with an keen eye on the bottom line. In interviews, he stressed the need to decentralize decision making and maintain regional identities.

Still, Northern has a way to go. Northern's 869 stores produced $660.1 million in sales in 1988. Even assuming a 10% net profit (better than industry averages) on sales, this would not cover the $88.5 million in interest Northern paid in 1988. By comparison, with 243 stores at the end of fiscal 1988, Pep Boys, Philadelphia, sales were $656 million and interest amounted to $11.2 million.

But Lacey has a record of success and

MEGACHAINS: 1990

As a new decade begins, there are 15 automotive retail chains with more than 100 stores.

Chain	# Of Stores	Est. Sales (Add 000)	Sales Per Store (Add 000)
Northern Automotive	860	$700,000	$ 814
AutoZone	511	535,000	1,047
Chief	500	415,000	829
Western Auto (Company-owned)	332	430,000	1,295
Trak	306	270,000	882
Pep Boys	275	760,000	2,764
Ward White Group	271	280,000	1,033
Nationwise	270	290,000	1,074
Advance	157	135,000	860
Super Shops	149	180,000	1,208
General Automotive	136	155,000	1,140
Champion	136	75,000	551
Discount	120	95,000	792
Ozark/O'Reilly	106	110,000	1,038
Hi/LO	[illegible]	[illegible]	[illegible]

Source: Automotive Marketing Estimates

its 10th birthday by opening its 500th store on July 4. For all of us who are slow in math, that's just about a new store a week for ten years. Best yet, some indication of the chain's growth from its first store in Forest City, AR, is the fact that the 499th and 500th stores were in Danville, IL, and Hobbs, NM.

There was talk that parent firm Malone and Hyde planned to make AutoZone public in 1990 or so, but that's apparently gone with the wind.

AutoZone sales reached $535 million for the fiscal year ending in July 1989, and the newest territory is Oklahoma. Chairman J.R. Hyde III says the chain will reach $1 billion in sales in four years and continue opening 60-80 stores a year. We don't doubt that.

Chief also opened its 500th store in Memphis, TN, just as 1989 ended. Testifying before the U.S. House Ways and Means Committee in favor of LBOs, president Mike Manor said that since its LBO, Chief had added 42 stores and 300 employees, increased same store sales almost 10%, and paid down $13 million of the $135 million purchase price. We estimate Chief sales at about $410 million.

But perhaps the best news at Chief in 1989 was its decision to emphasize environmentally safe chemicals on its shelves through a program called SAFE (Specially Adapted For the Environment). Chief plans to educate customers about biodegradable chemicals and push its vendors to sell safe chemicals. Vice president Kent Stickley talked of flying into Los Angeles on a smoggy day, "It breaks your heart when you see the environment deteriorating."

In addition to selling safe chemicals, Chief rolled out an oil recycling program in selected California stores which will eventually be implemented at all Chief stores. The program aims at reducing the motor oil improperly dumped by DIYers.

This is a program we feel that everyone in the aftermarket can and should support and emulate. Chief deserves much credit for being the first to do on it.

Trak & Ward White

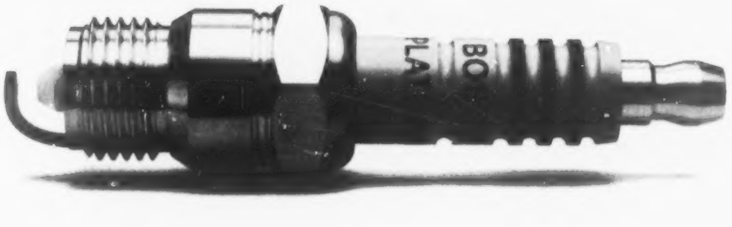
Trak Auto, Landover, MD, and the Ward White Group, Des Plaines, IL, are two chains with some similarities. Both are poised to go up or down. Both operate three distinct operations.

Trak owns 306 stores in Los Angeles, Chicago, and Washington, DC. They operate from one headquarters. The chain went through a major change in operations in 1989. Long-time head Ben Kovalsky retired in December 1988 and many observers assumed that Fritz Gladfelter, who'd come to Trak just before Kovalsky's retirement, would take over. Instead, Robert Haft Jr. became CEO and brought in Edward Szydlik to be president of Trak. Gladfelter moved to Pep Boys in the fall.

Although Trak has been steadily growing, the Haft family arouses a lot of bad feelings because of its financial operations. Observers feel the Hafts are more interested in playing financial games than building an auto chain.

Yet, the chain has grown from less than 30 stores in 1980 to 306. Haft said Trak believes in saturating markets. Trak opened stores in Los Angeles in 1982 (in conjunction with Thrifty Drugs which it bought out in 1986) and in Chicago in 1984 to go with its Washington/Richmond base. Haft said Trak needs 50 Chicago and 100 LA stores to make the operation profitable. It's not at that number yet.

Now That You've Invested In Platinum



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whatever happens, Northern Automotive will have a major impact on the retail aftermarket. We estimate 1989 sales in the $700 million range.

Western Auto

Based on sales alone, Western Auto, Kansas City, is the single largest automotive operation. The chain operates 332 company stores, about 150 National Tire Warehouse and Tire America tire stores, and sells to about 1,500 associate (franchised) stores. We estimate company store sales will be about $430 million while total sales in 1989 will be roughly $1.2 billion.

The Western management team, led by John Lundegard, made the 1980s a turnaround decade at Western. At the beginning of the 1980s, there were three similar competing home and auto supply chains: White's, Otasco, and Western Auto. Of the three, only Western survived. It did so by methodically eliminating unprofitable company stores (at one time the company owned more than 500 stores) and associate stores which once totaled almost 4,500.

In 1981, the new management rolled out its first revamped automotive stores in Kansas City and announced all company stores would follow the same pattern. The automotive concept was also offered to associates as Flag stores. In 1976, automotive sales accounted for only 21% of Western sales; by 1987, it was closer to 90%. Flag stores totaled only 17% of associate stores, but accounted for 31% of Western's wholesale revenues.

The chain also went through ownership changes in the 1980s. In 1985, the Wesray investment group purchased Western from long-time owners Beneficial for $303 million. In January 1987, Western went public, and in March 1988, Sears bought the chain for $403 million.

Western Auto's mission statement says, "We are going to solve our customer's automotive problems." And that's exactly what the chain intends to do. Lundegard used the 1989 Frost and Sullivan automotive aftermarket conference to explain improved Western strategies in key areas of service and import parts sales. Western's future looks bright.

The Pep Boys

Although The Pep Boys, Manny, Moe & Jack, Philadelphia, is only number six in number of stores (275 at the end of 1989), the chain is second only to Western Auto in sales. Based on the first half of 1989, our estimate puts 1989 annual sales in the $760 million range.

The 1980s saw The Pep Boys go public and become the darlings of Wall Street. And although this feeling has cooled somewhat among investors, a rapid expansion plan has taken the Pep Boys logo into Texas and New Mexico in 1985, Atlanta in 1987, North Carolina in 1988, and most recently into Jacksonville, FL.

As noted above, 1988 results showed $656 million in sales, an operating profit of $65.9 million, and a net profit of $42.2 million. Long term debt was $112 million against total assets of $581.8 million.

As the 1990s progress, it will be interesting to see how Pep Boys does as it leaves its long-time Philadelphia and Los Angeles markets and moves into Atlanta, Dallas, and other new markets where other chains have been entrenched leaders. Pep Boys has the advantage of service bays (labor charges in service work advanced from 7% of sales in 1986 to 11% in 1988), a POS system installed in 1988, and more branded products on the shelves than before.

AutoZone & Chief

Both AutoZone, Memphis, TN, (511 stores in almost any state remotely in the Sunbelt) and Chief Auto, Seagoville, TX, (500 stores from California to Texas and moving into the Southeast) reached the 500-store plateau in 1989. Both these chains grew up in the 1980s. AutoZone opened its first store in 1979, as then parent company Southland built up Chief after buying about a hundred stores from Apache Petroleum in 1978. A management buy-out took over Chief in 1988.

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MARKET LINE

In 1989, Trak opened 34 new stores and installed a new IBM POS system across the chain, which hurt the bottom line—profits are down. Our estimate from second quarter results: $270 million. The future: no bets.

The Ward White Group may provide the most interesting news of early 1990. Ward White owns three separate operations. First, there's Giant Auto (Chicago), Motormart (New England), National Auto (upstate New York), Strum Auto and Whitlock (the Midwest), for a total of 118 stores all operated out of Des Plaines, IL. Second and third are Rose Auto (81 Florida stores) and R&S Strauss (72 stores in New York, New Jersey, and Pennsylvania) which are separate operating entities.

However, the parent firm, Ward White, which also owns Halford's, the largest English auto parts chain, was purchased by London-based Boots Ltd. in 1989. Boots immediately announced it would sell off the American stores. So, even perhaps by the time this is printed, there will be new owners. Boots did prohibit an LBO and sources say that all but one of the prospective bidders are investment firms. It seems likely that the Ward White Group will remain together under a new name in 1989. We estimate Ward White sales at $280 million in 1989.

Some Others

At the lower end of our list of megachains are six chains with varying potentials. Nationwise, Columbus, OH, with 270 stores seemed poised for growth in 1988 when it absorbed the Guarantee stores. But the chain has stayed steady in 1989, selling off three Roanoke, VA, stores to Advance. The chain also has tough competition from Northern in the Midwest and Pep Boys in Atlanta. Estimated sales: $290 million.

In addition to buying the three Nationwise stores, Advance Auto, Roanoke, VA, added 19 new stores from Virginia to the Carolinas to bring its total to 157. Advance has been growing quickly during the past few years, but it will be interesting to see how it deals with Pep Boys' store openings in its key markets. We estimate sales at $135 million.

Super Shops, Newport Beach, CA, continues to boom as it follows the performance market. The chain added 24 stores in 1989 all through the Sunbelt and should do well as long as the economy stays strong. PACCAR's General Automotive, Bellevue, WA, which operates 136 Grand and Al's stores from California to Washington, and Champion Auto Stores, New Hope, MN, (ten company and 126 franchise stores throughout the Midwest) both remained at the same level in 1989. Discount Auto Parts, Lakeland, FL, the biggest retailer in Florida, reached 120 stores in 1989. ■

How Regional Battery Suppliers Compete Against Big Four

As we noted in our November 1989 Market Line story "Battery Market: The Big Four Divide Up Battery Distribution" (page 18), consolidation in the battery market has left four manufacturers with as much as 80-85% of the total battery market.

t's Time To Corner The Rest Of The Market.

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MARKET LINE

Although the big four companies dominate the market, East Penn Manufacturing, Lyon Station, PA, and Douglas Battery Manufacturing, Winston-Salem, NC, are still two strong regional suppliers. Together they account for about 10% of the total market.

In fact, Charlie Johnson, director of sales and marketing at Douglas, said the market's consolidation may even be beneficial to regional companies. "By and large, the industry suffered from oversupply and that will go away. Then you'll see some strange bedfellows when rabid competitors become partners. You'll see a lot of the majors cut back on their field manpower. And, the debts incurred should wind up in battery prices. That's all good for us."

The Douglas operation is unique in the battery business and we asked Johnson to talk about it. "We grew up selling direct to jobbers and we decided that full service is the way to go," Johnson said. "We still service jobbers, but now we service jobbers for our warehouse distributor customers. We send route trucks directly to jobber stores. There's no ordering ahead by the store. We fill orders directly off the truck. The salesmen rotate stock, take out obsolete numbers and make sure any new products are on the shelf, service warranties, collect cores, and give credits. It's one-stop full service every two weeks."

Douglas also has increased its business in the lawnmower, marine, and heavy duty segments in recent years as another way to compete against bigger companies.

Niche marketing is also the key at East Penn, which is about three times as large as Douglas. Although it's one of the smaller suppliers, East Penn owns the largest single battery plant in North America. Its marketing strength is in two niches: while company-owned service stations are a declining segment of the market, East Penn probably sells the majority of what's left through Atlas licensees. In addition, East Penn has a strong presence in the farm market. ■

KAUFMAN ON THE MARKET

Winners & Losers In The Service Market

by Edward L. Kaufman
Contributing Editor

The aftermarket service market (ASM), as we chart it, is divided into two big but unequal groups. The first group is the "generalists," including car dealers, full service gas stations, and garages, accounting for nearly 70% of total. The second group is the "service merchandisers," including service specialists, volume retailers with service bays, tire dealers and jobber-retailers with service bays, accounting for the rest.

We use a narrow definition of the ASM, and take out body repair parts and labor, and car dealer warranty parts and labor, to focus on non-warranty mechanical services.

Our defination includes maintenance and diagnostic services as well as labor charges for parts installation and the value of installed parts, TBA, chemicals, and motor oil. It does not include some $7.8 billion in tires and batteries which were either sold on a take-out basis or installed at no charge.

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THE 1989 AUTOMOTIVE SERVICE MARKET* (In Billions of Dollars)

	Total	Labor[1] Charges	Repl. Parts	TBA, Oil[2] & Chemicals	Percent
Car Dealers	$13.4	$ 6.4	$ 5.5	$1.5	25.4%
Gas Stations	9.4	3.2	3.5	2.7	17.8%
General Garages	14.0	9.2	4.1	0.7	26.5%
Sub-Total "Generalists"	$36.8	$18.8	$13.1	$4.9	69.7%
Service Specialists	7.4	4.2	1.6	1.6	14.0%
Auto Chain Stores	1.7	0.6	0.7	0.4	3.2%
Mass Merchandisers	2.3	0.7	1.0	6.6	4.4%
Tire Dealers	3.9	1.3	1.4	1.2	7.4%
Jobber-Retailers	0.7	0.4	0.3	—	1.3%
Sub-Total "Service Merchandiser"	$16.0	$ 7.2	$ 5.0	$3.8	30.3%
TOTAL	**$52.8**	**$26.0**	**$18.1**	**$8.7**	**100.0%**

Source: LINDSEY-KAUFMAN COMPANY, January 1990

*Does not include body parts/labor or warranty parts/labor

[1] For installation of replacement parts.

[2] Includes value of installed item plus labor charges for installation.

The Service Merchandisers

Service merchandisers are sophisticated about finding high traffic locations and adept at building traffic by means of price, advertising, and guarantees. The best are also very good at staying abreast of changing technology. For these reasons, we see them as the dynamic element in the ASM.

The fast growth of tune-up specialists, like Precision Tune, and oil change specialists, like Jiffy Lube, is well-known, as is the drive of tire dealers to increase non-tire revenue.

However, not all specialists are fast growing. The Census of Selected Services, an every-five-year study from the Bureau of the Census, Department of Commerce, shows below average growth for transmission specialists. In addition, we expect a shake-out of service merchandisers who fail to make the necessary investments in training.

The Service Generalists

We believe that there will also continue to be an important place in the market for generalists. Many car owners feel a need to patronize nearby shops where they can obtain trustworthy advice and service on a wide range of automotive problems.

In the past, this role was filled by neighborhood gas stations. As major oil companies changed their marketing strategies, the number of "friendly neighborhood gas stations," most of which offered mechanical services, plummeted from more than 222,000 in 1973 to less than 60,000 full service stations today.

To be sure, Shell, Amoco, and a few other majors offer "certified service" programs at selected stations; however, these few thousand elite gasoline dealers do not offset the huge decline in numbers of service bays operated by gas stations.

Of course, many thousands of ex-gasoline dealers have stayed in the business as independent general garages. Those with a reputation for competent service and fair prices are kept quite busy. Consumer surveys show that operators of this type rank highest for "trustworthiness." But, garage owners as a group have problems. They have lost price sensitive work, like muffler installation, to specialists. And they may lose complex work, like tune-up/engine performance, to specialists too. The stronger general garages are making investments in technician training and diagnostic equipment. However, we are likely to see a shake-out of the less committed and less well financed garages.

The 25,000 car dealers (in 1989 vs. 50,000 in 1950, according to the National Association of Automobile Dealers), appear to be increasing their non-warranty service efforts. However, they have only 30% of the total service bay capacity and are in no position to dominate the service business.

As a result of those factors, there are good prospects for service merchandisers.

Mass Merchandisers & Service

For now, let's look at mass merchandisers, automotive chain stores, and the tire stores which compete in the ASM. The chain stores, mass merchandisers and tire stores all sold tires and batteries and operated bays for installing them. With longer lasting tires, unit sales fell, and competition on tires became intense. And, the retailers acknowledged a need to find incremental sources of revenue.

Today, most tires dealers offer a range of undercar services including tire balancing, replacement of brakes and shocks, and wheel alignment. In addition, the tire company stores (which have the advantage of networks of technician training centers) offer a broad range of underhood as well as undercar services.

Some tire companies have acquired regional independent tire dealers to increase their market share. The stronger regional chains have grown both by internal development as well as acquisition. These chains consolidate to gain a scale of operations large enough to fund necessary investments in training, equipment, and advertising. A related trend is the rise of logo programs like Metro 25, which pool the buying power and advertising power.

We believe that automotive chain stores and mass merchandisers combined account for about 8% of the service market as we've defined it. Like the tire dealers, these volume retailers got into services initially because they decided to sell tires and required bays for mounting them. Many volume retailers that operate bays have found that they obtain higher sales and profits at those outlets which offer mechanical services than do their "dry stores." To be sure, there are exceptions. For example, K mart has cut way back on its number of service centers.

Will volume retailers increase their share of the ASM in the 1990s? The demand for service is there. And we believe that the total number of service bays has not kept pace with demand. Moreover, the volume retailers have advantages in terms of high traffic locations and skills at traffic building promotion.

But, based upon our observation, the operations of volume retailers in the ASM tend to be spotty. That is, a chain with service-oriented store managers and district managers does well. Conversely, where the managers are not service-oriented, the outlets tend to be poor performers.

In other words, it is not enough to find, motivate, train and retain technicians, the managers have to be trained and motivated as well. The chains, in most cases, have hired managers and promoted them on the basis of their ability to sell merchandise. Managing a service operation has been a secondary consideration. The prospects of volume retailers in the automotive service business will depend on the extent to which they recognize, and correct, these problems. ■

INFORMATION

Driving Costs Up

The average per mile cost of driving a passenger vehicle rose 0.1-cent, to 27.2-cents per mile, according to the Automobile Association, Washington DC. The per mile cost combines operations and ownership costs. ■

A Sound, Steady Economy

Some members of the *Automotive Marketing* Retail Panel worry about a potential recession. Richard Dudley, Northstar Auto Supply Inc., Dansville, NY, is concerned about what he sees as a "softening economy." And, Art Badgley, Art's Precision Automotive, Godfrey, IL, pulls no punches when he announces that there's a "recession nearing."

However, most economists don't think that's in the cards. In fact, a recent survey of National Association of Business Economists showed that 62% of their members don't expect a recession any time within the next three years. This is despite such typical economic warning signs as slowing new car sales, and the continuing U.S./Japanese trade problems – signs which are flashing now.

And still other economic indicators are positive. Unemployment is low. Until recently there had been a housing slump, but in November 1989 sales of existing homes rose to its best performance since December 1988. Home prices in many areas also rose, with, for example, the median price of a home in the Northeast up 85% over five years earlier.

Indeed, according to Brooker Distinguished Professor of Marketing Dr. Jagdish Sheth, at the University of Southern California, there will be no recession between now and the year 2000. "This is because economic indicators are based on housing, the automobile, and heavy industry. But that's not where the economy is," he saids, suggesting that the service industry in the country is now the major industry segment. The result is that there will be no zero or negative growth nationally for at least the next decade, Dr. Sheth said.

The Commerce Department, in late December, predicted that U.S. industry would enjoy its eighth consecutive year of slow, but rising, sales in 1990. True, overall growth was seen at only 2%, but some industries such as electronic information services were seen growing as much as 20%. The Department also sees new car sales falling 1%, an improvement from the 5% drop in new car sales in 1989 compared to 1988. Car imports were seen as holding steady at 28% of the overall market, although luxury car buyers may switch from European to the new Japanese models.

Most of these signs should encourage the aftermarket. After all, as Marvin L. Harris, Windsor Auto Parts Inc., Windsor, CO, points out, "Fewer new car sales mean older cars." And older cars are just what the aftermarket thrives on.

Exciting New Products

But it just won't be weather and the economy that could bring product sales up. New types of products have just hit

ADDITIVES KEEP CARS & SALES GOING

The hefty price tag on today's cars, even the most inexpensive ones available, force car maintainers to keep their cars running longer. The average American car is more than seven-years-old and it gets older every year. As professional maintenance and repair service costs skyrocket, drivers need simple but effective ways to maintain their cars' performances themselves.

One simple, cost-saving upkeep tip you can pass on is the use of the line of fuel additives – such as fuel injection cleaners – that your store stocks. These chemicals are designed to eliminate stalling, sluggishness, reduced power, decreased miles-per-gallon, knock and ping, and run-on (also known as dieseling) caused by harmful carbon engine deposits.

Over time, these deposits collect in carburetors and fuel injection systems, gradually decreasing the sytem's ability to function properly. The result? Poor engine performance and costly trips to professional service bays.

Your customers should know that regardless of the make, model, or year, all cars are susceptible to carbon deposit build-up. Because today's powerful car engines are smaller and more efficient and have been redesigned to meet strict emissions standards, they are more sensitive to deposit built-up – particularly in the fuel metering and intake systems. These cars, especially when equipped with fuel injection systems, only perform well when the intake systems are clean. As a result, even small deposits can cause serious performance problems.

Having told your customers all that, you can also give them an easy, fast-acting, effective solution to the problem. It's the regular use of quality fuel additives specifically formulated to combat deposit build-up.

Simply pouring a fuel additive into a gas tank before fueling once a month or every 1,000 miles can keep engines running clean, reducing time and money spent on maintenance.

Car owners often use older, large cars and light trucks with powerful V8 engines that run on leaded fuel to haul boats or travel trailers. They'll be on the road in the upcoming vacation season. Unfortunately, while these vehicles can run well under normal conditions, the stress caused by towing can lead to valve wear, with accompanying poor performance and eventual engine failure.

Those customers should be using lead substitutes in the form of a fuel additive. An older engine being used to tow a heavy load should receive an application of lead substitute for every tankful of gas.

Other fuel additives car maintainers should consider using in the spring/summer seasons are emissions controlling additives, fuel extenders, and horsepower boosters.

Many DIYers are already fuel additive users. According to the 1989 *Automotive Marketing Consumer Automotive Repair Study (CARS)*, 41% purchased and 39% installed their own additives during the year prior to the study being conducted. So it's a matter of making sure all your customers find about the benefits of additives. They will thank you for the tip. ■

ACCESSORIES: THE BRIGHTER, THE BETTER

The big news at recent annual Specialty Equipment Market Association (SEMA) Shows in Las Vegas was bright, eye-hurting colors on everything from steering wheel covers to windshield wipers.

Well, by now those bright colors have spread across the entire country. They are making the accessory market burst with sales as well as color.

For example, store manager David Ross Woods, Twin "B" Stores, Norfolk, VA, says his biggest selling accessory items for the up-coming springssummer selling season are, "Day Glow wiper blades and different add-on accessories in different colors." And from almost a thousand miles away, Keith B. Rigsby of a Nationwise Auto Parts store in Goshen, IN, agrees that "bright color twin wipers" are what's going to ring up big sales on his cash registers. So does Wayne Yodzio of ADAP, Inc., Avon, MA.

Besides wipers, brightly colored antennas, door edge guards, and license frames are popular with car owners. What colors are hot? According to one steering wheel manufacturer, the leading colors are hot pink, aqua, hot green, lemon yellow, and orange.

These bright colors are doing more than just selling add-on accessories, too. Benny Higgins, general manager of National Parts Supply Co., Flemington, NJ, believes that brightly colored tape stripes and graphics will be big sellers this spring/summer season, too. He's not the only one. Miller Square Auto Supply, Miami, is also featuring a full line of color graphics for customers to apply themselves.

The brightly colored, decorative graphics kits allow customers to put their own personalities on their favorite cars, vans, or light trucks. The kits come in all sorts of bright, bold patterns, designs, and colors to make the most mundane "econo-box" flash the owner's personal lifestyle or driving statement. As well, matching brightly colored door lock trims, door handle trims, and wheel trims are also available. ■

the market in many areas and they seem to have caught on.

Wayne Yodzio of ADAP, Avon, MA, thinks that this up-coming spring and summer season will be better than last because of strong accessory sales, a continued growth in appearance chemicals and products, and, finally, additional light truck accessory sales. He's increasing sales staff on his chain's selling floors to take advantage of these growth areas through personalized selling.

Quite a few members of the *Automotive Marketing* Retail Panel are excited about the new wax and polish products designed for clear-coated cars. Car owners whose cars have these beautiful, but often delicate, finishes had been concerned with using do-it-yourself finishing products. Now, however, they can return to cleaning their own cars and many retailers expect added wax and polish sales as a result.

David Ross Woods, manager of a Twin "B" Auto Store in Norfolk, VA, sees dayglow wiper blades and different accessories in different, vibrant colors as new exciting products. First seen two years ago at the Specialty Equipment Market Association (SEMA) Show in Las Vegas, brightly colored accessories have swept the nation (see acompanying accessories story).

Getting The Word Out

Even the worst weather, best economy, and hottest products won't help if your customers don't know you're ready for them. Therefore, most retailers are already into their spring/summer promotional activity.

Some retailers, such as M.R. Metcalf of Big Wheel Auto Parts, Tacoma, WA, keep up a constant stream of reminders to their customers about car maintenance. Others make special promotional plans for specific time periods.

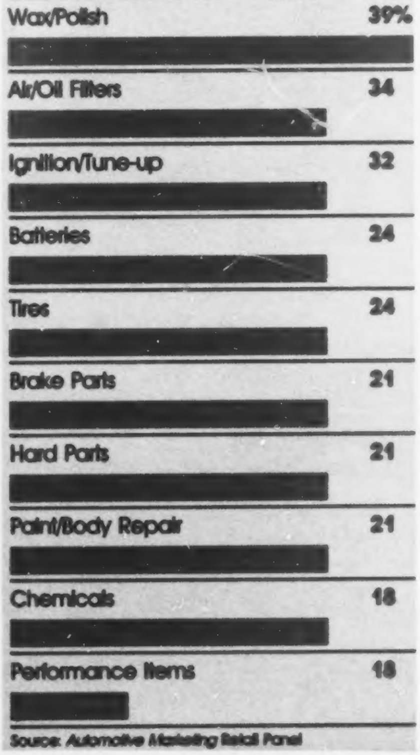
April isn't the cruelest month, however, for most spring/summer promotions. Windsor's Marvin Harris, for example, has prepared a flyer promoting specials on brakes, chemical, paint, tune-up products, and shocks which he'll mail in March. March is also the month customers in Lenoir, NC, will receive spring/summer flyers from their local Western Auto Store. And Norman Meinke, of 2-M Auto Supply Inc., Lowell, AR, both sends out flyers and also begins radio advertising for his spring/summer products in March.

Others prefer to wait a month. B.F. Greer, who runs a Western Auto store in Dublin, TX, will wait until April to send out his circular. J. Schlegel's A&A Store will also send out a mass mailing in April. April is also when W.H. Crook, Graves Auto & Home Stores Inc., Pine Bluff, AR, begins his spring/summer advertising on radio and in local newspapers.

All in all, look for a good 1990 spring/summer selling season. ■

SPRING/SUMMER'S TOP HOT PRODUCTS

We asked headquarters personnel and store managers what they thought would be the best selling types of products in the 1990 Spring/Summer season. Most of them chose basic product lines needed to maintain a car or light truck's appearance and operation.



Source: Automotive Marketing Retail Panel

NEW OIL FILTER SIZE CHANGES MARKET

Look for those Japanese auto makers to throw wrenches into the aftermarket's works. Not only do they change car parts in the midst of model years, hence locking a lot of work into their own dealer networks as well as giving work to their networked suppliers, they have now begun to affect the oil filter market.

Until recently there have been only two oil filter depths, 3" and 3 ⅝". Now, starting with some 1988 Toyota models, Japanese cars have begun appearing on American roads with a new oil filter which measures only 2 ⅞" deep. According to filter makers, these new downsized filters will present some consumer resistance when they go to buy American-made examples of the new size. The new filters are both smaller than older filters, and because of start-up costs in tooling and low volume in production, they will cost a premium price, as much as five dollars each.

At least one U.S. manufacturer now offers replacement filters that match the new Japanese filters exactly. According to this maker, the new filters feature a newly designed base that was designed to prevent over-tightening of spin-on oil filters. Some of these filters also have a concave base plate, instead of the typical flat plate, to add strength and help hold the filter on its threads during high-pressure situations.

It will be important for auto parts retailers to explain the reasoning behind the new filters and their higher costs. One may expect, if the new size becomes more and more popular, and sales volumes increase, the price to drop to be more in line with traditional sized oil filters. ■

SPARK PLUGS STILL VITAL FOR TUNE-UPS

Back in the days of the Model-T Ford, with its four cylinders each with its own ignition coil carrying very high voltage, shade-tree mechanics could tinker with the coils to get them to "sing." When all four coils sang in unison, the engine was said to be "tuned-up."

The tune-up has come a long way since then. It came to embrace replacing distributor points and making sure the timing was correct. Now those parts of the tune-up are, in many cars today, as unnecessary as making ignition coils sing together.

Because of improved designs and equipment, the old type of tune-up has changed. Gone are such traditional practices as setting the timing, installing new points, and adjusting the carburetor.

But that good old staple, the spark plug, is still a mandatory part of getting any car to run as smoothly possible. It's the vital link in the ignition system.

Most experts agree that vehicles need basic, recuperative maintenance after winter driving, especially when the winter has been as rough as it has been in most parts of the country. When automotive engines experience significant periods of idling, warming up, and stop-and-go driving, carbon and other deposits can build up on the spark plugs, and impurities in gasoline can clog fuel injectors.

You've got to let your customers know that spring tune-ups are still needed, although exactly what makes up a tune-up has changed. Nearly all maintenance specialists agree that periodic engine checkups remain a necessity, and spring is the most logical time for such restorative maintenance. A new set of spark plugs, as part of a spring tune-up, is a quick, inexpensive, and effective way to rejuvenate an automotive engine. ■

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7TH ANNUAL CONSUMER AUTOMOTIVE

CARS: CONSUMER RESEARCH

DIY ACTIVITY & PURCHASES REMAIN STEADY INTO THE 1990s

WHO IS THE BIGGEST JOBBER/RETAILER?

AM's NEW SPECIAL PRODUCTS SECTION! MERCHANDISE MART

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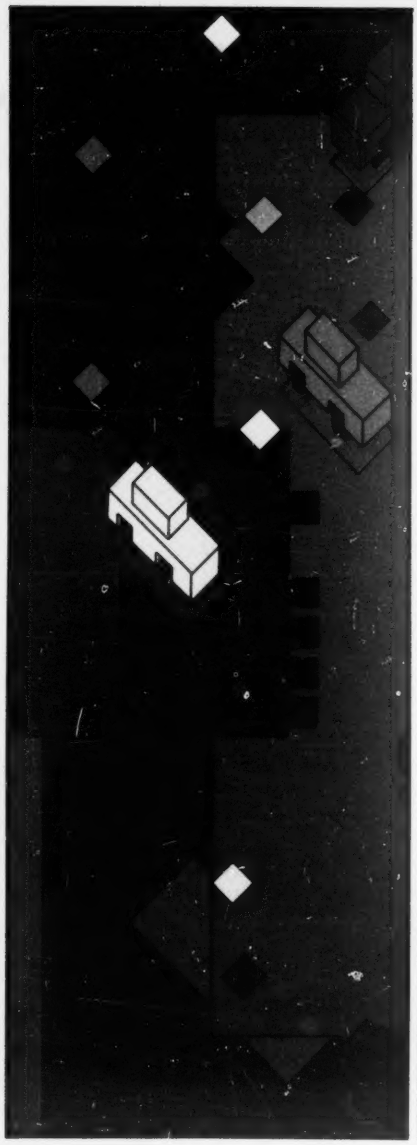

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MARKET LINE

Genuine Parts Largest Store Owner On Top 50 Jobber/Retailer List

As a supplement to *Automotive Marketing's* annual list of the top 100 retail chains (the latest appeared in October 1989), we've put together a list of the leading traditional jobbing store chains.

While some of these jobber chains are just as large as, or larger than, the top chains on our retail chain list, they differ in one important way: a traditional jobber's primary business is selling parts wholesale to installers such as gas stations, garages, and specialty shops.

However, although wholesale sales to installers is the primary business of the jobber chains on this list, it's important to remember that these stores also sell parts at retail to DIYers. If you're selling water pumps, for instance, your competition is anyone who sells water pumps. And, any one of the chains on our list will sell a water pump to a DIYer.

The Average Jobber

The latest Motor Equipment Manufacturers Association (MEMA) Jobber Study measures the average jobber's retail sales at 36%. Taking Genuine Parts $500 million in owned store sales for an example, 36% of that is $180 million, a substantial retail sales volume. In addition, many of these chains, especially those connected with programmed distributors, have made substantial strides in recent years to upgrade their stores and counterhelp to be DIYer-friendly.

Although the number of jobber stores steadily declined in the 1980s, jobber stores still represent the single largest segment of auto stores by far. In developing its latest membership directory (due out about the time of the April Big "I" Show), the Automotive Service Industry Association (ASIA), Chicago, tallied 26,200 job-

AUTOMOTIVE MARKETING'S TOP 50 JOBBER/RETAILER CHAINS

Rank	Chain	# of Stores	$ Sales (+000)*	CEO	Sales Address and Phone	DIY *
1.	Genuine Parts (NAPA)	570	500,000	Larry L. Prince	2999 Circle 75 Pkwy., Atlanta, GA 30339 (404) 953-1700	
2.	Parts Inc.**	203	168,000*	Mike Orndian	601 S. Dudley, Memphis, TN 38104 (901) 523-7711	
3.	Fisher Auto Parts	150*	46,000*	Art Fisher	512 Greenville Ave., Staunton, VA 24401 (703) 885-8901	
4.	Steg Auto Parts	116	46,000	Vlado Sulg	Box 4230, Davenport, IA 52808 (319) 323-3641	
5.	APS (Big A)	113	72,000	Richard J. Spelfeld	3000 Pawnee St., Houston, TX 77054 (713) 741-2470	
6.	General Parts (Carquest)	102*	66,000*	Temple Sloan	2635 Millbrook Rd., Raleigh, NC 27604 (919) 876-9818	
7.	Straus-Frank Co. (Carquest)	92	70,000	David Straus	Box 600, San Antonio, TX 78292 (512) 341-6531	
8.	Republic Auto**	74	44,000*	Keith Thompson	Box 2086, Brentwood, TN 37024 (615) 373-6275	
9.	Hahn Automotive Whse**	74	41,000*	Mike Futerman	415 W. Main St., Rochester, NY 14608 (716) 235-1595	
10.	Parts Depot/Steego Auto Parts	72	40,000	Rollance Olson	2177 Dale Ave., Roanoke, VA 24013 (703) 345-1001	
11.	Crow-Burlingame	70	28,000	Fletcher Lord, Jr	520 W. Capitol, Little Rock, AK 72203 (501) 372-6276	
12.	Brooks Auto Parts/Supply	80	27,000*	Elton D. Brooks, Jr.	432 S. Peterson Ave., Douglas, GA 31533 (912) 384-7818	
13.	Anderson Auto Parts	36	19,000	H.G.Anderson III	Box 767, Anderson, SC 29622 (803) 224-4321	
14.	Main Auto Parts	36	18,000*	Burl Wagstin	1422 N. Main St., Dayton, OH 45405 (513) 277-7393	
15.	AI Automotive**	31	18,000	Bill Baker	BNA Corporate Center 808, Nashville, TN 37217 (615) 367-9496	
16.	Northern Auto Supply Co.	30	17,000	Don Harris	1906 N. Peach St., Marshfield, WI 54449 (715) 384-2124	
17.	J Buchman Auto Parts	30	8,000	Bernard Buchman	801 N. Franklin St., Kirksville, MO 63501 (816) 665-3787	
18.	Automotive 1 Parts Stores	28	16,000	Robert N. Gentry III	701 W. Church St., Orlando, FL 32805 (407) 422-1110	
19.	Cordis (Carquest)	27	18,000	Ken Walker	12960 E. Alondra Blvd., Cerritos, CA 90701 (213) 926-4492	
20.	BM (Bap-Geon) Automotive Parts	26	24,000	Ed Lynch	12440 Alondra Blvd., Cerritos, CA 90701 (213) [illegible]	
21.	Barnes Motor & Parts*	26	20,000	Robert E. Kirkland, Jr	345 E. Barnes St., Wilson, NC 27893 (919) 243-2161	
22.	Superior Auto (Davis & Wilmar NAPA)	26	17,000*	Gary Davis	609 Epsilon Dr., Pittsburgh, PA 15238 (412) 963-7774	
23.	Kirkham Auto Parts	23	16,000	Michael Kirkham	Box 78, Blackfoot, ID 83221 (208) 785-2902	
24.	Allied Auto Parts Co.	23	14,000	Daniel Sennet	43 N. Montello St., Brockton, MA 02401 (508) 586-5500	
25.	A&A Auto Parts Co.	23	20,000	George [illegible]	[illegible] Manchester St., Concord, NH [illegible]	

ber stores and 13,760 owners. About one-half of the owners, according to ASIA, run one and two-store operations.

The stores on our list of the Top 50 total 2,521. Thus, the 50 chains on our list represent not quite 10% of the total jobber store population.

The list also speaks to the continuing consolidation in the traditional market. For example, an amazing number of chains listed in industry guides only two and three years ago are either out of business through bankruptcy or have been absorbed into larger operations. To cite just two large chains: Kentucky Jobber Supply, which owned over 30 Womwell Auto Stores, was bought by General Parts in 1988, and Mid-America (Green Light jobbers) with over 60 stores was acquired by Parts Inc. in the same year.

With all the consolidation, there are six jobbing chains on the list that would qualify as megachains (more than 100 stores). The three biggest jobber chains are all rapidly growing.

Probably to no one's surprise, the leading jobber store owner is Genuine Parts, Atlanta, the major player in NAPA distribution, with 570 owned stores. Genuine Parts has been actively increasing its number of owned stores, especially in metropolitan markets, for some years now. Geographically, Genuine Parts is hard to pin down. The company operates 61 distribution centers in the 48 continental United States.

We should also note that three of the other four NAPA WDs also own stores. Davis and Wilmar, Pittsburgh, owns 26 Superior Auto Stores and Brittain Brothers, Oklahoma City, OK, owns 16 Brittain Brothers NAPA stores. The fourth, Quaker City Motor Parts, Middletown, DE, provides 51% ownership for some 77 Pennsylvania, New Jersey, and Delaware NAPA jobbers, although the stores are operated by the minority owners.

The number two and number three chains are also key parts of programmed distribution groups. The number two chain, owned by Parts Inc., Memphis, is the key WD in the AAAD/Parts Plus program. Parts Inc. has been gobbling up Southeastern independents in recent years. In 1988, it bought the Mid-America Geen Light jobber operation; in 1989, it added five small chains. As 1990 began, Parts Inc. planned to acquire AI Automotive's Southeastern Div. (warehouses and stores in Chattanooga, TN, Birmingham, AL, and New Orleans). As part of its acquisitions, Parts Inc., has purchased two retail chains (National Auto Superstores and Save Auto Stores) which operate as a separate retail division.

The number three chain is Art Fisher's Fisher Auto Parts, Staunton, VA. Fisher Auto Parts is also the founder of the Federated program for independent WDs across the country. Its jobber division, Fisher Auto Parts Stores, has been been acquiring smaller chains from Virginia to Pennsylvania in recent years. Its latest major acquisition was the 21 Automotive Supply Stores and warehouse headquartered in Altoona, PA.

The remaining traditional megachains differ slightly. Number four Sieg Auto Parts, Davenport, IA, is a quietly growing Midwestern jobbing chain that added four stores as we prepared our list. Number five APS, Houston, which also owns the Big A jobber program, went through an LBO (leveraged buyout) in 1989 by its management led by president Richard Spellari and financed by the New York investment firm of Clayton & Dubilier. Spellari is a NAPA veteran and plans to expand the APS program. Finally, General Parts, Raleigh, NC, the sixth largest owner of jobber stores, is quietly becoming a national WD with owned distribution centers and jobbing stores in Kentucky, Minnesota, and Montana. ■

AUTOMOTIVE MARKETING'S TOP 50 JOBBER/RETAILER CHAINS

Rank	Chain	# of Stores	$ Sales (+000)*	CEO	Sales Address and Phone	DIY %
26.	Himel Auto Parts/Motor Supply	23	11,000	Himel Family	1215 E. Main, New Iberia, LA 70560 (318) 364-7201	
27.	Keenan Auto Parts	22	13,000*	Frank Ahouse	112 N. Front St., Albany, GA 31703 (912) 436-3311	
28.	686 Parts Service, Inc.	22	16,[illegible]00	George E. Tricou Jr.	9126 Green Springs Rd., Baton Rouge, LA 70814 (504) 924-6888	
29.	Ehrlich Auto Parts	21	15,000	Herbert August, Jr.	Box 277, Albany, NY 12201 (518) 449-1176	
30.	Motor Bearings & Parts Co.	21	12,000	Bill White	427 S. Dawson St., Raleigh, NC 27602 (919) 8320-3961	
31.	BMP (Carquest)	21	11,000*	Neil Stokel	1055 Bronx River Ave., Bronx, NY 10472 (212) 991-9000	
32.	Sturdevant's Inc.	20	14,000	Jack Sturdevant	Box 948, Sioux Falls, SD 57101 (605) 336-0678	
33.	All State Auto	20	10,000	Warren Morgan	3131 N. I-10 Service Rd., Metairie, LA 70002 (504) 834-5500	
34.	Automyte	20	4,000	David Stucky	Box 578, Hemingway, SC 29554 (803) 558-3916	
35.	Arnold Motor Supply	19	16,000	Gaston Odor	110 W. 4th, Box 5008, Spencer, IA 51301 (712) 262-4287	
36.	Interstate Auto	19	11,000	J. Lon Schuster	311 E. Dixie, Elizabethtown, KY 42701 (502) 765-6183	
37.	Malin Auto	19	9,000	Carl E. Malin	3896 Union Rd., Buffalo, NY 14225 (716) 633-4456	
38.	Flowers Auto Parts	19	11,000	John R. Flowers	105 S. Center St., Hickory, NC 27603 (704) 322-5414	
39.	Loe's Auto Parts	19	10,000	John Loe	401 NE Front St., DeKalb, TX 75559 (214) 667-2541	
40.	All-Car Automotive Centers**	18	11,000*	Les Cigal	1820 S. Superior, Box 27, Antigo, WI 54409 (715) 623-3791	
41.	Byrd's Auto	18	11,000*	Stan Byrd	282 N. Main St., Burlington, NC 27215 (919) 226-0244	
42.	National Auto Supply	17	8,000*	Clifford Shanfeld	8514 Eager Rd., St. Louis, MO 63144 (314) 968-8511	
43.	Parker Auto Supply	17	11,000*	W.W. Parker	Box 760, Sumter, SC 29151 (803) 775-6721	
44.	Hapco Auto Parts	17	10,000	Richard Halpern	Box 331, Holyoke, MA 01041 (413) 536-2280	
45.	Rodefeld [illegible]	17	11,000	Charles A. Rodefeld	96 W. Main, Richmond, IN 47374 (317) 935-7626	
46.	O.K. Auto Supply Co.	17	8,500	William Larson	605 Elm St., Ishpeming, MI 49849 (906) 485-5161	
47.	H.E. Everson Auto	17	8,000	Kirk Sand	2904 Gateway Dr., Grand Forks, ND 58201 (701) 772-4839	
48.	Acme Auto	17	5,000*	Curt Myers	1731 S. 19th St., Harrisburg, PA 17104 (717) 939-7893	
49.	Brittain Brothers (NAPA)	16	13,000*	Robert Saunders	Box 25821, Oklahoma City, OK 73125 (405) 236-1786	
50.	Blankenship Auto	16	8,500	Earl Perschbacher	704 W. Main St., Marion, IL 62959 (618) 993-2643	

*Automotive Marketing estimate
**Stores operated under various names

MARKET LINE

A Census Of Automotive Service

By Edward L. Kaufman,
Contributing Editor

You know that 1990 is a census year. Did you ever wonder what the Bureau of Census does in between these once-every-ten-years censuses of people? Why, it counts business establishments; like automotive retailers, automotive wholesalers—and automotive service establishments.

In fact, one of the few relatively good sources of data on the operations of garages, body shops, and automotive repair specialists is found in what is now called, *The Census of Service Industries.* These censuses are conducted every five years and reported out after two years of analysis.

The first data from the *Census of Service Industries* report shows that receipts of general repair shops increased 72% between 1982 and 1987. This resulted both from increases in the number of shops (51,099 in 1987 versus 40,389 in 1982) and in average revenues per shop. In 1987, the average general repair shop had receipts of $201,573 versus only $147,763 in 1982.

The results for automotive service specialists were mixed. Surprisingly, only exhaust system repair shops had faster growth in numbers of outlets and receipts than general garages. According to the Census, the number of muffler specialists increased 54.9% between 1982 and 1987. Their average revenues per shop increased from $259,135 in 1982 to $298,730 in 1987.

We believe that the growth in receipts of garages reflects two things. First, the number of garages has increased as a result of reclassification. That is, thousands of ex-gasoline dealers have become de facto garages. They didn't enter the business as a fabulous new opportunity. Second, with demand for services high, their labor rates have shot up. However, their average receipts per shop continue to be well below those of the service specialists as a whole. For example, in 1982, when the average garage grossed $147,763, the average receipts of all service specialists (including muffler shops, glass shops, transmission shops, radiator repair shops, brake/front end specialists, ignition and fuel system specialists, etc.) was $206,340. And in 1987, when the average receipts of garages rose to $201,573, the average receipts for all service specialists rose to $261,591.

The chart shows data from the 1987 Census of Service Industries. We have to point out that not everyone agrees with the Census data. For example, the 1987 Census says that there were 6,335 transmission repair shops in 1987, up from 5,701 in 1982. According to some observers of that industry, there are about 10,000 transmission repair shops in the U.S., but the numbers have actually declined from 12,000 and more a few years ago. Why? Because qualified technicians are becoming harder to find and because the current technology requires a broader inventory. Also, some shop owners have left the business due to their fears of electronically controlled transmissions.

All of this suggests that there must be a great opportunity out there for the smaller number of shops which are capable of repairing modern high-tech transmissions.

Some other interesting data from the 1987 Census: the relatively slow growth for radiator rebuilders and brake and front end specialists. The first point is not surprising; rebuilders have lost sales to jobbers and chain stores because of a movement to selling complete replacement radiators as opposed to rebuilding. The second point is interesting because of the interest of service merchandisers generally (including parts stores like Western Auto, merchandisers like Sears and Wards, tire company stores, and muffler specialists) in total undercar services. These services include brakes, shocks and wheel alignment services. According to the Census data, brake and front end specialists are among the slower categories of automotive service specialists.

The Census data have to be read with caution and interpreted thoughtfully. For example, while it appears to be true that there are about 4,900 muffler specialists in the U.S., and that their number rose between 1982 and 1987 (because aggressive new franchises like Speedy Muffler King and continued expansion by Midas and Meineke), in the number of outlets has slowed considerably since 1987. ■

	Number of Establishments	Receipts ($000)	Payroll ($000)	No. Estab's	Receipts	Payroll
[illegible]	4,910	$1,466.8	$ 372.4	9.1	12.0	13.1
[illegible]	3,534	1,278.0	315.9	5.0	11.0	6.5
[illegible]	6,335	1,394.0	417.3	2.1	6.7	6.6
[illegible]	2,979	566.6	146.4	2.3	5.4	4.2
[illegible]	3,238	885.5	266.4	1.6	6.2	5.6
[illegible]	2,262	446.8	134.3	1.9	4.8	5.1
[illegible]	1,114	337.8	91.3	−3.4	5.2	4.2
[illegible]	24,372	$6,375.5	$1,743.8	3.3	8.4	7.8

DOC Says 46,000 Retail Auto Stores

We're often asked: "How many auto parts stores are there?" It's a good question, and we wish we had a good answer. We can tell you that the top 100 automotive retailers operate 6,135 stores (See the Top 100 Retailer List in the October 1989 *Automotive Marketing).*

We can also tell you that 60,290 outlets are listed in the Yellow Pages across the country under the heading "Auto Parts And Accessories-New." This information comes from American Business Information, Omaha, NE, a company that collects Yellow Page data. This company also lists 109,423 service stations, 27,780 new car dealers and 185,363 auto repair shops.

While these are actual counts, most estimates of the total number of stores by aftermarket analysts, trade magazines or trade associations by necessity have to work from projections and samples. No one has the time or money to go out and count each store, except perhaps the Internal Revenue Service.

However, the U.S. Department of Commerce, takes an Economic Census of Retail Trade every five years. Among the counts are wholesalers of motor vehicle supplies and new parts and auto and home supply stores.

The 1987 Economic Census counted 28,902 wholesalers, compared with 28,712 in 1982, for a gain of 190 in five years. This figure includes any store that sells automotive parts on a wholesale basis—which means it's mainly comprised of jobbers and WDs.

On the retail side, the number of retail auto and home supply stores increased dramatically between 1982 and 1987, according to the Economic Census. Officially, the 1987 Economic Census counted 46,207 auto and home supply stores, an increase of 5,311 since the 1982 Economic Census. The category is subdivided into tire, battery and accessory dealers (41,590 stores) and other auto and home supply stores (4,517). ■

HOW MANY AUTOMOTIVE STORES ARE THERE?

Auto & Home Supply Stores	1987	1982
Number Of Outlets	46,207	[illegible]
Total Sales (Millions)	[illegible]	[illegible]
Number Of Employees	[illegible]	[illegible]
Wholesalers	1987	1982
Number Of Outlets	[illegible]	[illegible]
Total Sales (Millions)	[illegible]	[illegible]
Employees	[illegible]	[illegible]

Source: Department Of Commerce

SUPPLIERS

Suppliers See Good 1990 Spring Sales

Cold weather in December should get the the 1990 spring selling season off to a good start, according to several aftermarket suppliers.

Roger McCabe, president and CEO of Dorman Products, Cincinnati, said that Dorman Products will see a positive spring impact just like the entire marketplace. "WDs have moved a lot of inventory in January and as a result are ready to market spring lines with more enthusiasm and financial support."

"As the thermometer goes down, many parts fail in the extreme cold," Bruce Tartaglione, vice president marketing BWD Automotive Corp., Franklin Park, IL, said. "BWD's sales force was quick to aid the WD in stocking parts such as battery cables, wire sets, timing belts, ignition modules and coils, temperature sensors, emission control parts such as choke thermostats and choke pull-offs, fuel pumps, water pumps, and clutches."

Traditional cold weather items like wipers and batteries ended 1989 with strong sales. "Our snow blade sales tripled," Rod Longman, president of Pylon Mfg. Co., Deerfield Beach, FL, said. "Now that spring is here, it's time for all those snow blade users to replace them."

And, Joseph N. Calio, vice president of marketing for Exide Corp., Reading, PA, said, "We usually look for our battery sales to get their cold weather boost in January or February; but when it came in December it had a positive impact."

According to Norman E. Dobrowski, director of exhaust marketing services for Maremont Corp., Carol Stream, IL, "Exhaust sales should have a strong spring as a result of December's below zero temperatures. During the winter weather months, exhaust systems are exposed to winter salt which causes external corrosion and a greater amount of condensation occurs within the muffler. This causes the muffler and exhaust system to wear out faster than they would under normal driving conditions."

Frank Erickson, president of International Lubricants, Inc., Seattle, WA, said, "Sales increased sharply in the last few months because cold weather as severe as this tends to bring on many more transmission failures. Cold spells also wreck the fluid in the transmission."

"The cold weather of December places a greater stress on lights and bulbs," said Scott Weisar, marketing manager for Peterson Mfg. Co., Grandview, MO. "Often while driving in the winter, people drive into snow banks and damage their lights or use their lights for prolonged periods of time and place greater wear on the bulb. Peterson foresees a strong spring sales period." ■

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1-800-325-6180

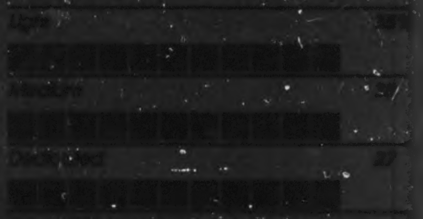
(Circle 16 on Product Information Card)

INTRODUCTION

CONSUMER AUTOMOTIVE REPAIR STUDY

HOW DIYERS DEFINE THEMSELVES

We called DIYers light DIYers who [illegible] added [illegible], medium DIYers who did simple mechanical tasks or dedicated DIYers who installed mufflers or shocks themselves.



Source: 1990 Automotive Marketing Consumer Automotive Repair Study. Percentages may not equal 100% due to [illegible] [illegible] answer shown.

WHO ARE THE DIYERS?

A tale of two markets: one sold and the other to sell

The big news about automotive do-it-yourselfers [illegible] in this year's [illegible] Consumer Automotive Repair Study [illegible] DIYers is [illegible] as [illegible] the DIYer of [illegible].

Generally, the figures indicate that [illegible] $30,000 in annual household income, [illegible] spend between one and five hours a month [illegible] DIY [illegible] for one or two vehicles, [illegible]. That's [illegible] the [illegible] file we have reported over the previous years.

Since the basic DIYer [illegible] changed [illegible] in the [illegible] DIYers [illegible] and [illegible] DIYers: women and [illegible] DIYers.

Women DIYers

Women represent a [illegible] market that is relatively untapped by advertisers and retailers. In all, we found that [illegible]% of [illegible] to whom we spoke to [illegible] were households in which there was some type of vehicle. Of that, [illegible]% of those women were directly responsible for maintenance of at least one vehicle in their household.

However, when it comes to rolling up their [illegible] and doing it themselves, only 31% of all women called themselves DIYers. Interestingly, another 10% of all the women with whom we spoke weren't actually responsible for a vehicle's maintenance, but still managed to do some automotive DIY work anyway. Just over half of these women maintain only one vehicle. And, 46% of them say they like doing automotive DIY work "not too much" or "not at all."

Women DIYers act in much the same way as male DIYers. Most of the women DIYers, 65%, do from one to five hours of automotive DIY work a month. In terms of education, male and female DIYers tend to be very similar. A considerably larger percentage of female DIYers are white collar workers, especially clerks, professionals, and service workers, than male DIYers.

Female DIYers tend to make less money than their male counterparts, as well. In the DIY group with household incomes of less than $[illegible] annually, [illegible]% are women. In households with annual incomes of more than $[illegible], only [illegible]% are women.

Female DIYers also tend to be younger than male DIYers. In the less than 25-years-old group of DIYers, [illegible]% are women. In the 55 to 64-years-old group, [illegible]% are women.

Shopping Patterns

Women don't patronize auto parts stores as much as men. Some [illegible]% of men frequent auto parts stores as opposed to [illegible]% of women. About [illegible]% more men than women buy parts at discount department stores, [illegible]. [illegible] more women than men buy their parts and chemicals at gas stations.

Certain car brands are more popular with female DIYers than with male DIYers. These brands include [illegible], [illegible], Plymouth [illegible] and [illegible]. On the other hand, men prefer Chevrolets, Fords, Oldsmobiles and [illegible].

by P. Royall Katcher, Business Editor,
John Wirebach, Senior News & Features Editor, and
Gail Krueger-Nicholson, Managing Editor

INTRODUCTION

CONSUMER AUTOMOTIVE REPAIR STUDY

Women want to learn how to do their own car maintenance work, at least the relatively simple jobs. Some 27% of female DIYers wanted to learn how to change their vehicle's oil and filters, and 9% of female DIYers want to learn how to change their tires. Women also want to learn how to clean, adjust, or repair their carburetors.

On the other hand, women were considerably less interested than male DIYers in learning how to replace windows, rebuild engines, repair transmissions, or do electrical work.

Serious DIYers

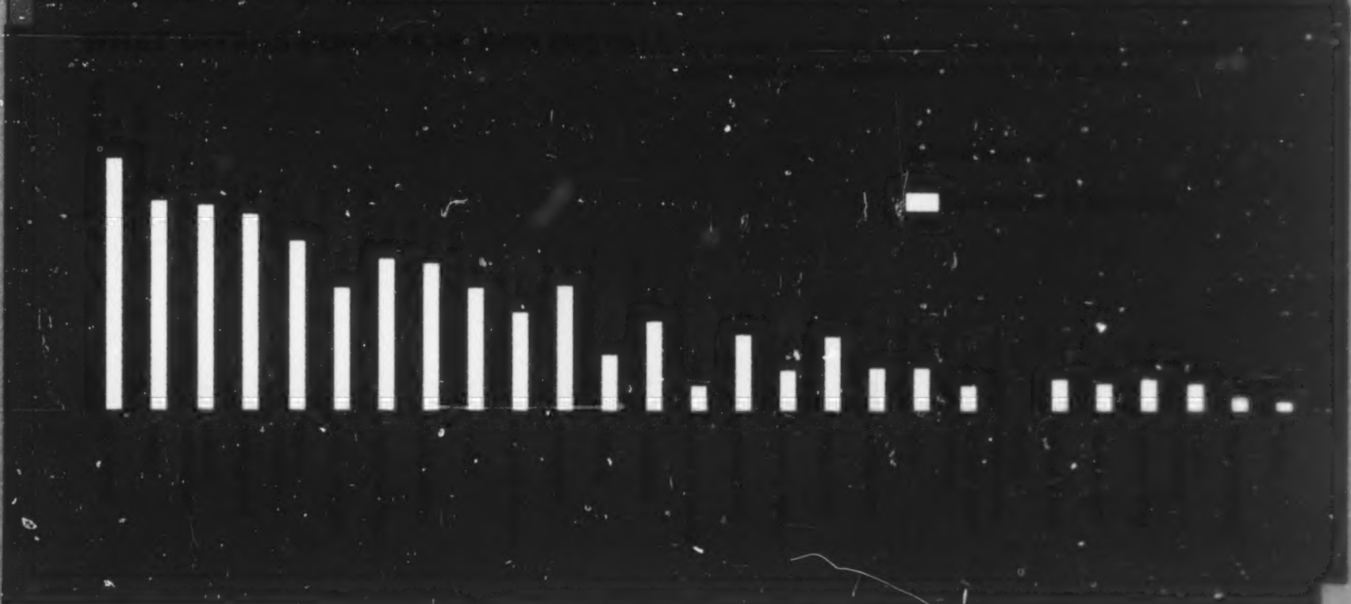
We call those DIYers who say they put 11 or more hours a month into automotive maintenance and repair work "serious DIYers." They represent a major market to any aftermarket retailer.

In all the households in which a vehicle was owned, 4% of the respondents were serious DIYers. All of the serious DIYers are responsible for the care and maintenance of a vehicle. Most of these serious DIYers, 85%, are men.

The largest single age group of serious DIYers, 39%, is the 25-34-years-old group. Half of them actually spend between 11 and 20 hours a month on automotive DIY jobs. But, another 11% spend between 21 and 25 hours a month on their DIY jobs.

Not all of them do their automotive DIY work as a hobby. In fact, slightly less than half, 47%, say they enjoy automotive DIY work either "somewhat" or "a lot."

Significantly larger percentages of this group buy all automotive products than the average DIY group. For example, 40% of serious DIYers bought headlights, tail lights, or auxiliary lights as opposed to [illegible] of all DIYers who bought these products. In all, 20% more of them bought automotive books or manuals than all DIYers.

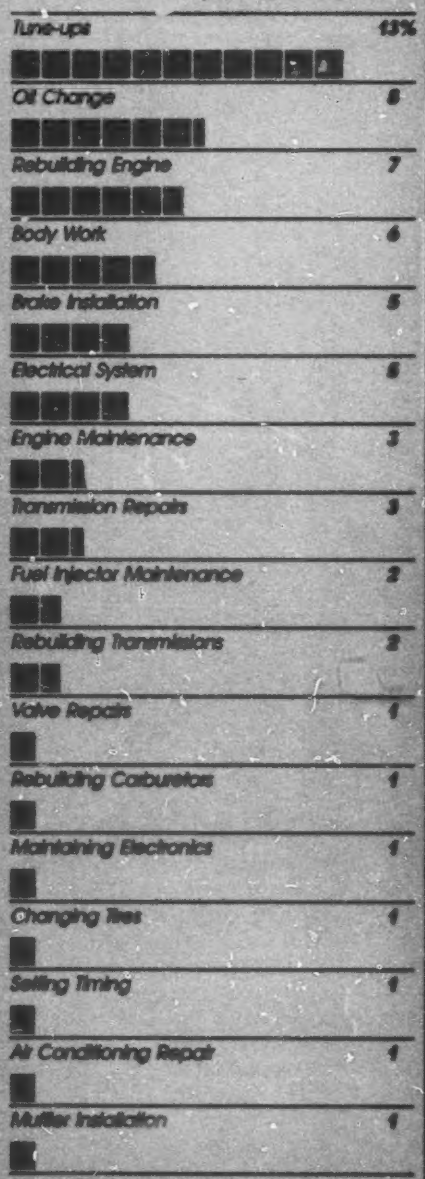


INTRODUCTION

CONSUMER AUTOMOTIVE REPAIR STUDY

WHAT WOULD DIYERS LIKE TO LEARN MORE ABOUT?

We asked DIYers if they could learn to do one more automotive DIY job what it would be.



Source: 1990 Automotive Marketing Consumer Automotive Repair Study. Percentages may not total to 100% due to rounding and/or multiple answers.

In all, 39% bought between 15 and 18 different automotive products in the year before the study was conducted. Of all DIYers, however, only 23% bought this many products. Serious DIYers make up a serious market.

What they Do

Interestingly, only half of all serious DIYers claim to be "dedicated" DIYers, that is, DIYers who can handle difficult jobs such as rebuilding engines or transmissions. A surprising 8% say they can only do jobs like washing and polishing their cars or adding motor oil. The rest fall in between these two extremes.

Still, many of them would like to learn to do more types of automotive DIY jobs. In all, 19% would like to pick up body work knowledge, 10% want to learn how to rebuild engines, 11% want to know how to repair their transmissions.

And, serious DIYers are more receptive to learning how to do jobs from professional sources than average DIYers. More than half, 56%, would be willing to go to a clinic or take classes on the subject. The same percentage said they'd consult automotive books or literature to learn more. Only 33% of all DIYers wanted to attend clinics and 41% said they'd use books or literature to learn how to do other automotive DIY jobs.

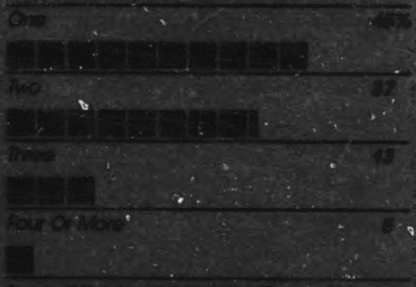
More than half of the serious DIYers shopped for automotive supplies 10 or more times a year. In all, 37% shopped at automotive parts stores, compared to 29% of all DIYers. Almost half, 46%, shopped at car dealers, compared to 32% of all DIYers. But only a quarter shopped at gas stations, as compared to 38% of all DIYers.

INTRODUCTION

CONSUMER AUTOMOTIVE REPAIR STUDY

HOW MANY VEHICLES DO DIYERS MAINTAIN?

We asked DIYers how many vehicles they were responsible for maintaining.



Source: 1990 Automotive Marketing Consumer Automotive Repair Study. Percentages may not total to 100% due to rounding and/or multiple answers.

[illegible]

BATTERIES

Batteries ranked number 13 on our list of studied products. Some 38% of DIYers surveyed purchased automotive batteries and 29% of those DIYers both purchased and installed them.

Of the DIYers who purchased and installed batteries, 87% were males. Of the very few battery DIYers, just 10%, who had another battery installed by someone other than themselves during the previous year, 66% were male while 34% were female.

The reasons for having someone else install the battery ranged from already having the car in for service, 32%, to no time to do it, 28%, to bad weather, 5%. Of DIYers who had someone else put the battery in, 23% had it done at an automotive parts store, 18% had it done at a gas station, and another 18% had it done at a car dealership.

Generally, battery DIYers are between 25-to-34-years-old, 31%, spend between one and five hours a month working on their car, 58%, and are responsible for at least two cars, 45%. Some 45% of battery DIYers said they were increasing their level of DIY activity. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought batteries where they did. Most mentioned price.

Price	66%
Convenient Location	27
Product Selection	16
Brand Name	11
Guarantee	6
Habit	4

WHAT THEY BOUGHT BATTERIES FOR

We asked DIYers what type of vehicle they bought the battery for. Most bought for a car.

Car	64%
Light Truck	22
More Than 1 Vehicle	7
Van	4
Utility Vehicle	3

WHERE DIYERS BOUGHT BATTERIES

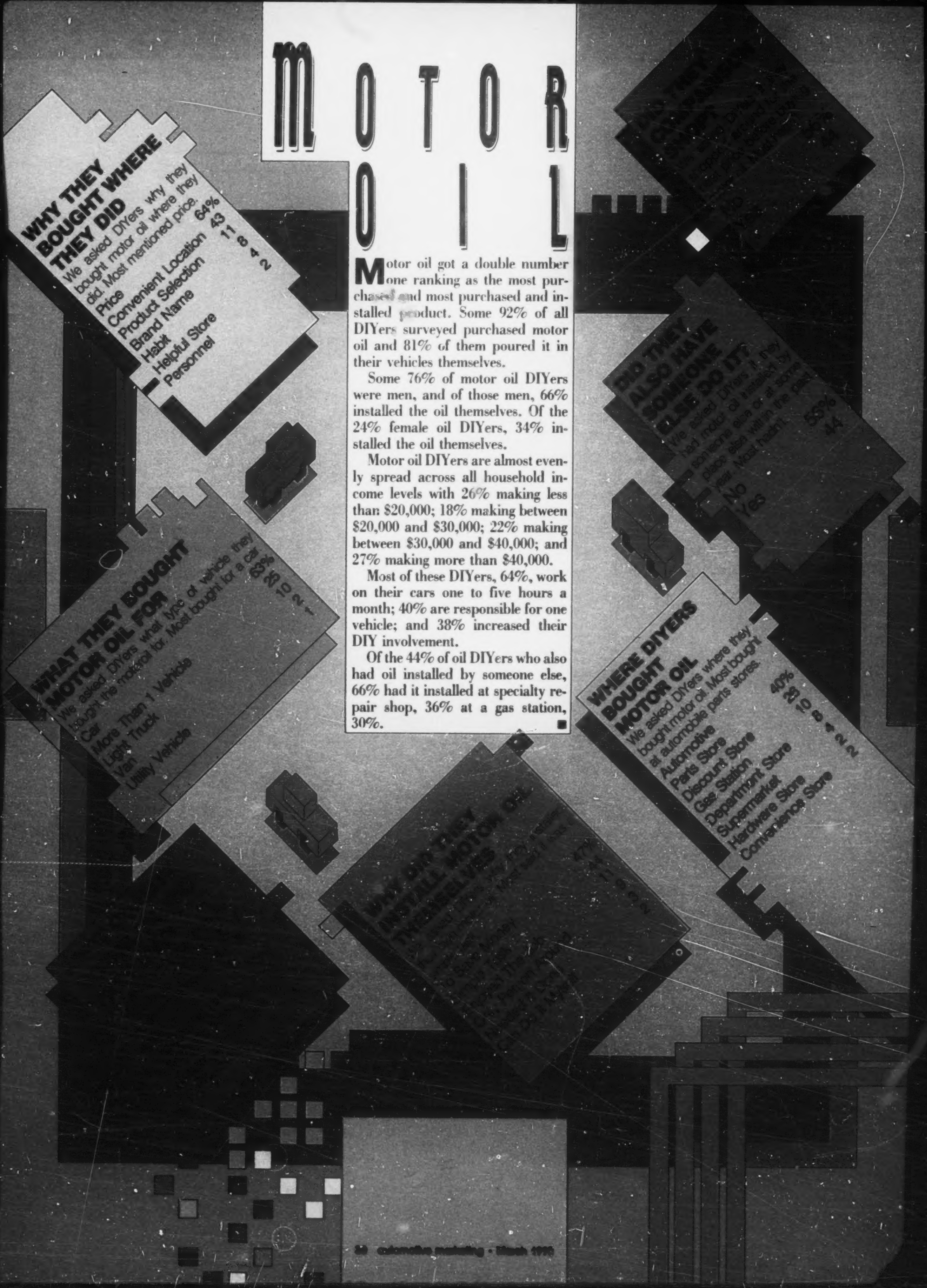
We asked DIYers where they bought batteries. Most bought at automotive parts stores.

Automotive Parts Store	46%
Department Store	23
Discount Store	15
Gas Station	4
Specialty Repair Shop	3
Wholesaler	2
Car Dealership	1

[illegible]

[illegible]	90%
[illegible]	10

[illegible]



MOTOR OIL

Motor oil got a double number one ranking as the most purchased and most purchased and installed product. Some 92% of all DIYers surveyed purchased motor oil and 81% of them poured it in their vehicles themselves.

Some 76% of motor oil DIYers were men, and of those men, 66% installed the oil themselves. Of the 24% female oil DIYers, 34% installed the oil themselves.

Motor oil DIYers are almost evenly spread across all household income levels with 26% making less than $20,000; 18% making between $20,000 and $30,000; 22% making between $30,000 and $40,000; and 27% making more than $40,000.

Most of these DIYers, 64%, work on their cars one to five hours a month; 40% are responsible for one vehicle; and 38% increased their DIY involvement.

Of the 44% of oil DIYers who also had oil installed by someone else, 66% had it installed at specialty repair shop, 36% at a gas station, 30%. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought motor oil where they did. Most mentioned price.

Price	64%
Convenient Location	43
Product Selection	11
Brand Name	8
Habit	4
Helpful Store Personnel	2

WHAT THEY BOUGHT MOTOR OIL FOR

We asked DIYers what type of vehicle they bought the motoroil for. Most bought for a car.

Car	63%
More Than 1 Vehicle	25
Light Truck	10
Van	2
Utility Vehicle	1

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

We asked DIYers if they had motor oil installed by someone else or at some place else within the past year. Most hadn't.

No	56%
Yes	44

WHERE DIYERS BOUGHT MOTOR OIL

We asked DIYers where they bought motor oil. Most bought at automobile parts stores.

Automotive Parts Store	40%
Discount Store	25
Gas Station	10
Department Store	8
Supermarket	4
Hardware Store	2
Convenience Store	2

WHY DID THEY INSTALL MOTOR OIL THEMSELVES

[illegible]

[illegible]	47%
To Save Money	44
[illegible]	11
[illegible]	8
[illegible]	3
[illegible]	2

[illegible]

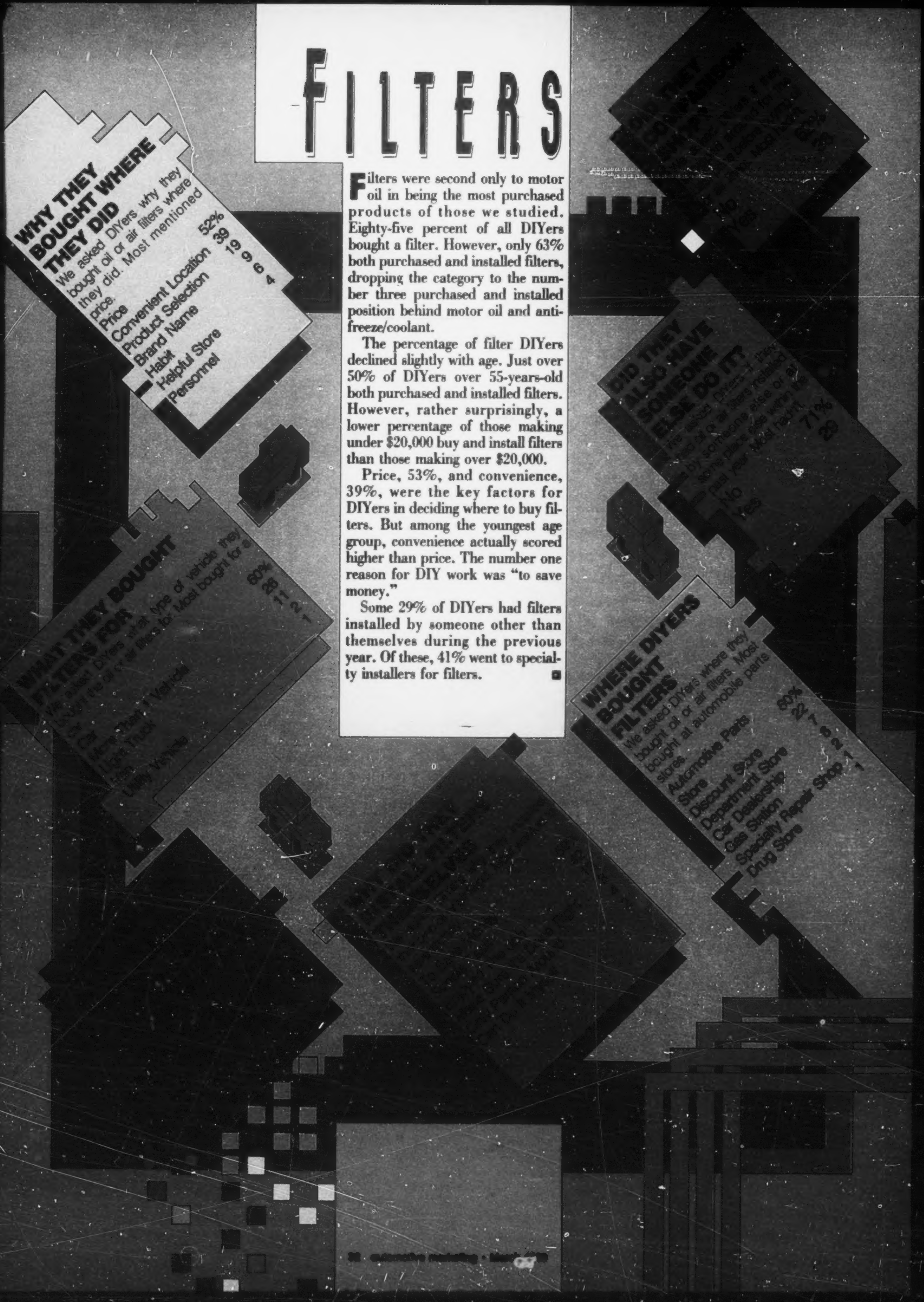
FILTERS

Filters were second only to motor oil in being the most purchased products of those we studied. Eighty-five percent of all DIYers bought a filter. However, only 63% both purchased and installed filters, dropping the category to the number three purchased and installed position behind motor oil and antifreeze/coolant.

The percentage of filter DIYers declined slightly with age. Just over 50% of DIYers over 55-years-old both purchased and installed filters. However, rather surprisingly, a lower percentage of those making under $20,000 buy and install filters than those making over $20,000.

Price, 53%, and convenience, 39%, were the key factors for DIYers in deciding where to buy filters. But among the youngest age group, convenience actually scored higher than price. The number one reason for DIY work was "to save money."

Some 29% of DIYers had filters installed by someone other than themselves during the previous year. Of these, 41% went to specialty installers for filters. ■



WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought oil or air filters where they did. Most mentioned price.

Price	52%
Convenient Location	39
Product Selection	19
Brand Name	9
Habit	6
Helpful Store Personnel	4

WHAT THEY BOUGHT FILTERS FOR

We asked DIYers what type of vehicle they bought the oil or air filters for. Most bought for a car.

Car	60%
More Than 1 Vehicle	28
Light Truck	11
Van	2
Utility Vehicle	1

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

We asked DIYers if they had oil or air filters installed by someone else or at some place else within the past year. Most hadn't.

No	71%
Yes	29

WHERE DIYERS BOUGHT FILTERS

We asked DIYers where they bought oil or air filters. Most bought at automobile parts stores.

Automotive Parts Store	60%
Discount Store	22
Department Store	7
Car Dealership	8
Gas Station	2
Specialty Repair Shop	1
Drug Store	1

[illegible]

No	[illegible]
Yes	[illegible]

[illegible]

ANTIFREEZE COOLANT

Some 72% of CARS DIYers purchased antifreeze/coolant, a percentage only surpassed by motor oil and filters. There was only a slight drop, from 72% to 63%, when it came to purchase and installation of the antifreeze/coolant.

There is little difference between men and women antifreeze/coolant DIYers in terms of purchasing vs. purchasing and installing. However, 78% of all antifreeze/coolant DIYers were men.

There is also little difference in income or age among antifreeze/coolant DIYers. However, some 73% of DIYers who purchased and installed antifreeze/coolant have increased their automotive DIY work.

Only 11% of all DIYers who bought antifreeze/coolant also had the product installed professionally installed during the previous year. Most of them had the product installed at gas stations and car dealers; most of it was done while the vehicle was in for other work. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought antifreeze/coolant where they did. Most mentioned price.

Price	63%
Convenient Location	44
Product Selection	7
Habit	6
Brand Name	5
Helpful Store Personnel	1

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

We asked DIYers if they had antifreeze/coolant installed by someone else or at some place else within the past year. Most hadn't.

No	89%
Yes	11

WHAT THE ANTIFREEZE/COOLANT WAS BOUGHT FOR

We asked DIYers what type of vehicle they bought the antifreeze/coolant for. Most bought for a car.

Car	85%
More Than 1 Vehicle	22
Light Truck	11
Van	1
Utility Vehicle	1

WHERE DIYERS BOUGHT ANTIFREEZE/COOLANT

We asked DIYers where they bought antifreeze/coolant. Most bought at automobile parts stores.

Automotive Parts Store	45%
Discount Store	28
Department Store	8
Gas Station	6
Supermarket	4
Hardware Store	3
Drug Store	2

[illegible]

WAX/POLISH

Wax or polish products earned equal rankings, fourth, in both our "purchased" and "purchased and installed" categories. Men and women tended to buy the products about equally, with 65% of male DIYers and 63% of female DIYers buying wax or polish.

When it came to applying wax or polish products, however, only 56% of women did so, while almost all the men who bought wax or polish applied it themselves.

Wax or polish DIYers tend to make more than $30,000 in annual household income; be between 25 and 44 years of age; spend between one and five hours a month on automotive DIY and be responsible for one or two vehicles.

Of the 14% of wax or polish DIYers who also had wax or polish applied during the previous year by someone other than themselves, most did so because they were too busy or didn't have enough time to do the job. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought wax or polish where they did. Most mentioned price.

Price	49%
Convenient Location	46
Product Selection	17
Brand Name	9
Habit	4
Helpful Store Personnel	2

DID THEY [illegible]

We asked DIYers if they shopped around for the best price before buying wax or polish. [illegible]

No	71%
Yes	29

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

We asked DIYers if they had wax or polish applied by someone else or at some place else within the past year. Most hadn't.

No	86%
Yes	14

WHAT THEY BOUGHT WAX OR POLISH FOR

We asked DIYers what type of vehicle they bought the wax or polish for. Most bought for a car.

Car	65%
More Than 1 Vehicle	22
Light Truck	10
Van	3
Utility Vehicle	1

WHERE DIYERS BOUGHT WAX OR POLISH

We asked DIYers where they bought wax or polish. Most bought at automobile parts stores.

Automotive Parts Store	43%
Discount Store	29
Department Store	10
Drug Store	4
Supermarket	3
Hardware Store	3
Gas Station	1

FUNCTIONAL FLUIDS

We defined functional fluids or maintenance chemicals as brake fluid, power steering fluid, transmission fluid, and carburetor sprays. We found that 61% of DIYers had purchased some kind of functional fluid and 53% had both purchased and installed one of the fluids. Functional fluids were thus the fifth most popular DIY project on the study.

Virtually all the men who bought functional fluids, 68%, also installed it themselves. However, while 46% of all women DIYers bought such products, only 29% installed them on their own.

Functional fluid DIYers tend to be between 25 and 44 years of age; make more than $30,000 annually in household income; and spend between one and five hours a month on automotive DIY. Most are responsible for one or two vehicles.

Some 20% had a fluid installed by someone else during the previous year. Of this group, 36% said this occurred when the vehicle was in for other service. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought maintenance chemicals or functional fluids where they did. Most said that the store was the most convenient one at the time.

Convenient Location	52%
Price	51
Product Selection	11
Habit	5
Brand Name	3
Helpful Store Personnel	3

WHAT THEY BOUGHT MAINTENANCE CHEMICALS/ FUNCTIONAL FLUIDS FOR

We asked DIYers what type of vehicle they bought the maintenance chemicals or functional fluids for. Most bought for a car.

Car	64%
More Than 1 Vehicle	19
Light Truck	12
Van	2
Utility Vehicle	2

DID THEY [illegible]

We asked DIYers if they shopped around for the best price before buying maintenance chemicals or functional fluids. Most hadn't.

No	[illegible]
Yes	[illegible]

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

We asked DIYers if they had maintenance chemicals or functional fluids installed by someone else or at some place else within the past year. Most hadn't.

No	81%
Yes	19

WHERE DIYERS BOUGHT MAINTENANCE CHEMICALS/ FUNCTIONAL FLUIDS

We asked DIYers where they bought maintenance chemicals or functional fluids. Most bought at automobile parts stores.

Automotive Parts Store	54%
Discount Store	23
Gas Station	7
Department Store	6
Supermarket	2
Hardware Store	2
Convenience Store	2

WHY DID THEY INSTALL MAINTENANCE CHEMICALS/ FUNCTIONAL FLUIDS THEMSELVES

We asked DIYers why they installed their own maintenance chemicals or functional fluids. The same number said it was simple or said it was more convenient to do themselves.

Simple Task	45%
Convenient To Do	43
To Save Money	34
Enjoyed The Job	11
Make Sure It's Done Right	10
Only Person Around	8

TUNE-UP PARTS

Tune-up products—spark plugs, spark plug wires, or other ignition parts—ranked sixth on our list of studied products. Some 59% of DIYers purchased tune-up parts while 40% both purchased and installed these popular products.

Tune-up DIYers are spread just about evenly across all household income brackets with slightly more than a quarter of them, 27%, making more than $40,000.

Most tune-up DIYers, 45%, are responsible for two vehicles; 29% are responsible for three or more.

Most tune-up DIYers, 63%, say they spend between one and five hours a month on automotive DIY work. A few, 15%, spend 11 hours or more. Some 43% of all tune-up DIYers say they are increasing the amount of DIY work they do.

Of the 19% of these DIYers who also had tune-up products installed by someone else, 34% did so because they lacked time and because they felt someone else did a better job, 32%. Most of those, 28%, who had work done, had it done at a specialty repair shop. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought tune-up products where they did. Most mentioned price.

Price	52%
Convenient Location	37
Product Selection	27
Brand Name	8
Habit	5
Helpful Store Personnel	4

WHAT THEY BOUGHT TUNE-UP PRODUCTS FOR

We asked DIYers what type of vehicle they bought the tune-upproducts for. Most bought for a car.

Car	61%
More Than 1 Vehicle	19
Light Truck	18
Van	2
Utility Vehicle	2

WHERE DIYERS BOUGHT TUNE-UP PRODUCTS

We asked DIYers where they bought tune-up products. Most bought at automobile parts stores.

Automotive Parts Store	77%
Discount Store	11
Department Store	4
Car Dealership	3
Gas Station	1
Hardware Store	1
Specialty Repair Shop	1

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

[illegible]

No	81%
Yes	19

WHY DID THEY INSTALL TUNE-UP PRODUCTS THEMSELVES

We asked DIYers why they installed [illegible]

To Save Money

[illegible]

Make Sure It's Done Right

[illegible]

Can Do It Myself

[illegible]

[illegible]

WIPER BLADES

Some 57% of DIYers surveyed purchased windshield wipers or wiper blades, making it the seventh most popular purchase. They were, however, the sixth most purchased and installed product as 50% of wiper DIYers put them on their vehicles themselves.

Most, 62%, of the men who bought wipers or wiper blades also installed them. However, while 47% of all women DIYers bought them, only 30% installed them themselves.

Wipers and wiper blade DIYers tend to be between 25 and 44-years-old; make more than $30,000 annually in household income; and spend between one and five hours a month on automotive DIY. Most are responsible for maintaining one or two vehicles.

Only 4% of these DIYers had wipers installed by someone other than themselves during the previous year. Most of this group had it done because they were just too busy to do it themselves. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought windshield wipers or replacement blades where they did. Most mentioned the store's convenient location.

Convenient Location	47%
Price	39
Product Selection	25
Brand Name	6
Habit	3
Helpful Store Personnel	3

DID THEY COMPARISON SHOP?

We asked DIYers if they shopped around for the best price before buying replacement wipers or replacement blades. Most hadn't.

No	76%
Yes	24

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

We asked DIYers if they had windshield wipers or replacement blades installed by someone else or at some place else within the past year. Most hadn't.

No	96%
Yes	4

WHAT THEY BOUGHT WIPERS OR BLADES FOR

We asked DIYers what type of vehicle they bought the windshield wipers or replacement blades for. Most bought for a car.

Car	68%
Light Truck	15
More Than 1 Vehicle	13
Van	3
Utility Vehicle	1

WHERE DIYERS BOUGHT WIPERS OR BLADES

We asked DIYers where they bought windshield wipers or replacement blades. Most bought at automobile parts stores.

Automotive Parts Store	58%
Discount Store	21
Department Store	7
Gas Station	5
Car Dealership	2
Supermarket	1
Specialty Repair Shop	1

[illegible]

PROTECTANTS

In all, the products we call "other appearance chemicals or protectants" — products such as vinyl cleaners or rubber bumper restorers — were the eighth most widely purchased and seventh most widely purchased and installed of all those products studied.

Virtually all the men who bought other appearance chemicals or protectants, 52%, also applied them. However, while 43% of all women DIYers bought such products, only 35% applied them themselves.

Other appearance chemical or protectants DIYers tend to be between 25 and 44 years of age; make more than $30,000 annually in household income; and spend between one and six hours a month on automotive DIY. Most are responsible for maintaining one or two vehicles.

Only 7% had other appearance chemicals or protectants applied by someone besides themselves during the previous year. Most had it done because they were too busy to do it themselves. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought other apppearance chemicals or protectants where they did. Most mentioned price.

Price	51%
Convenient Location	48
Product Selection	16
Habit	7
Brand Name	4
Helpful Store Personnel	2

WHAT THEY BOUGHT PROTECTANTS FOR

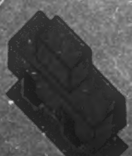
We asked DIYers what type of vehicle they bought the other apppearance chemicals or protectants for. Most bought for a car.

Car	65%
More Than 1 Vehicle	21
Light Truck	11
Van	2
Utility Vehicle	1

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

We asked DIYers if they had other apppearance chemicals or protectants installed by someone else or at some place else within the past year. Most hadn't.

No	93%
Yes	7



WHERE DIYERS BOUGHT PROTECTANTS

We asked DIYers where they bought other apppearance chemicals or protectants. Most bought at automobile parts stores.

Automotive Parts Store	45%
Discount Store	32
Department Store	9
Supermarket	9
Hardware Store	2
Car Dealership	1
Gas Station	1

LIGHTS

Headlights and tail lights, as one category, were the ninth most purchased and tenth most purchased and DIYer-installed product of the 27 products that we studied.

In all, 89% of headlight or tail light purchasers were men; 62% were between the ages of 25 and 44; half had household incomes of more than $30,000 annually; 63% spent between one and five hours a month on automotive DIY; and 43% maintained two vehicles.

Only 5% had headlights or tail lights installed by someone else, in addition to themselves, in the year prior to the study. Female DIYers outnumbered male DIYers in that group. Of that entire group, 41% had the job done at a gas station, while 33% went back to their car dealer for the job. "The car was already there for service," was the reason 30% gave for having this job done elsewhere. That was the single most stated reason. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought lighting products where they did. Most mentioned price.

Price	45%
Convenient Location	43
Product Selection	28
Habit	6
Brand Name	6
Helpful Store Personnel	3

WHAT THEY BOUGHT LIGHTING FOR

We asked DIYers what type of vehicle they bought the lighting products for. Most bought for a car.

Car	71%
Light Truck	16
More Than 1 Vehicle	8
Van	5
Utility Vehicle	1

[illegible]

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

We asked DIYers if they had lighting products installed by someone else or at some place else within the past year. Most hadn't.

No	95%
Yes	5

WHERE DIYERS BOUGHT LIGHTING

We asked DIYers where they bought lighting products. Most bought at automobile parts stores.

Automotive Parts Store	82%
Discount Store	17
Department Store	7
Car Dealership	6
Junk Yard	2
Gas Station	1
Hardware Store	1

WHY DID THEY INSTALL LIGHTING THEMSELVES

We asked DIYers why they installed lighting products. Most wanted to save money.

To Save Money	57%
Simple Task	8
Enjoy Doing The Job	7
Make Sure It's Done Right	6
Only Person Around	4
Can Do It Myself	3

COOLING SYSTEM PRODUCTS

Cooling system parts, such as hoses, thermostats, and clamps, were the 10th most purchased and 11th most purchased and installed of all automotive products we studied.

Few, only 9%, of women DIYers installed their own cooling system parts. As well, only 13% of cooling system part installers were more than 55-years-old. There was, however, little difference in cooling system parts DIYers when studied by income. Almost half of cooling system part installers plan to increase the level of their automotive DIY.

Only 10% of DIYers who installed some cooling system part during the previous year also had a cooling system part installed by someone else during the same time period. Of them, the largest group, 30%, had their gas station install the part. Only 13% had the work done at an automotive parts store.

The most cited reasons for having the job done elsewhere were lack of time, 21%, and the belief that the other installer did it better, 22%.■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought cooling system products where they did. Most went to the most convenient source.

Convenient Location	41%
Price	39
Product Selection	28
Brand Name	7
Habit	6
Helpful Store Personnel	2

WHAT THEY BOUGHT COOLING PRODUCTS FOR

We asked DIYers what type of vehicle they bought the cooling system products for. Most bought for a car.

Car	65%
Light Truck	17
More Than 1 Vehicle	12
Van	4
Utility Vehicle	2

WHERE DIYERS BOUGHT COOLING PRODUCTS

We asked DIYers where they bought cooling system products. Most bought at automobile parts stores.

Automotive Parts Store	78%
Discount Store	9
Car Dealership	4
Gas Station	3
Department Store	2
Specialty Repair Shop	2
Junk Yard	1

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

[illegible]

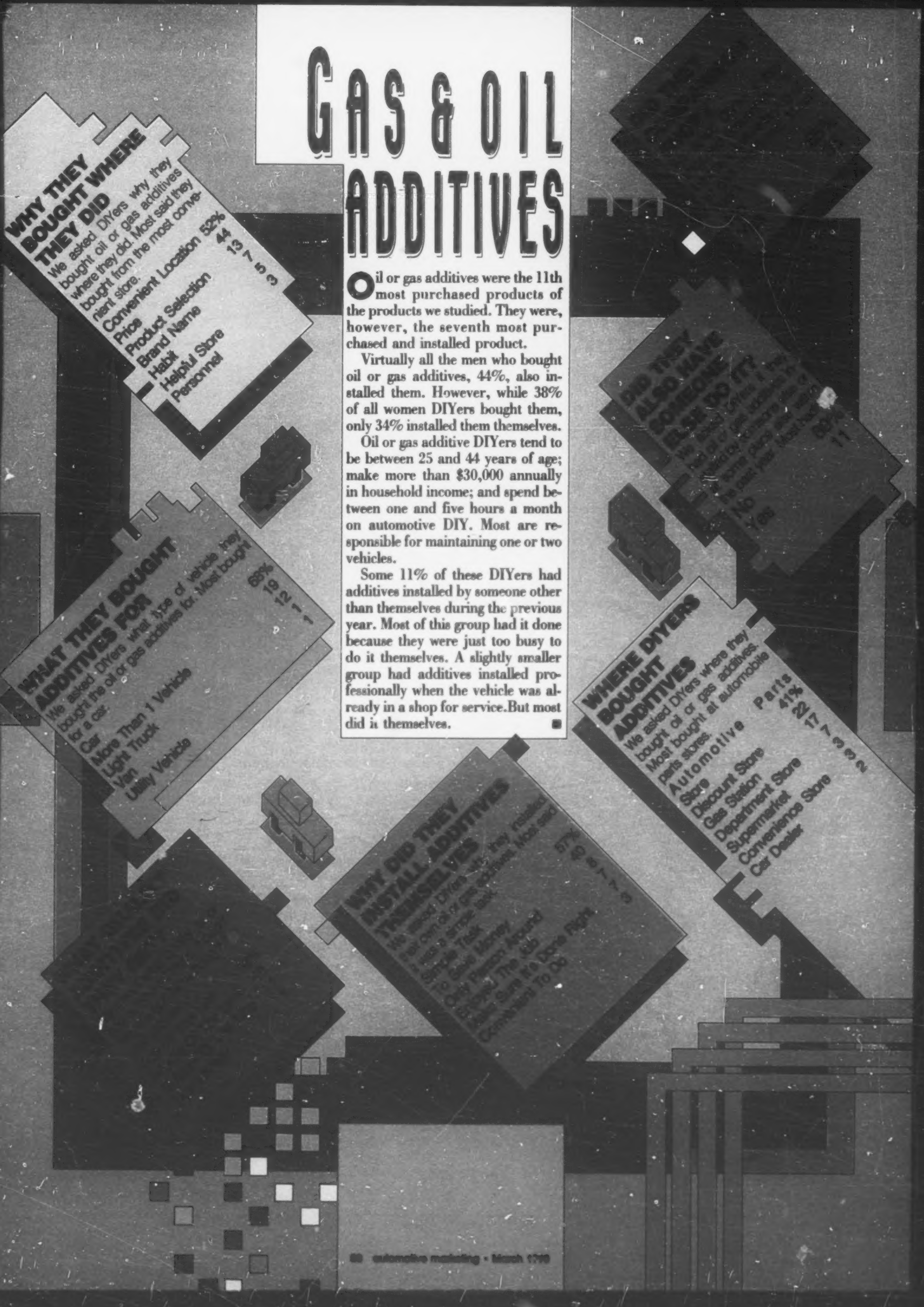
No	90%
Yes	10

DID THEY [illegible]

[illegible]

WHY DID THEY INSTALL COOLING [illegible]

[illegible]



GAS & OIL ADDITIVES

Oil or gas additives were the 11th most purchased products of the products we studied. They were, however, the seventh most purchased and installed product.

Virtually all the men who bought oil or gas additives, 44%, also installed them. However, while 38% of all women DIYers bought them, only 34% installed them themselves.

Oil or gas additive DIYers tend to be between 25 and 44 years of age; make more than $30,000 annually in household income; and spend between one and five hours a month on automotive DIY. Most are responsible for maintaining one or two vehicles.

Some 11% of these DIYers had additives installed by someone other than themselves during the previous year. Most of this group had it done because they were just too busy to do it themselves. A slightly smaller group had additives installed professionally when the vehicle was already in a shop for service. But most did it themselves. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought oil or gas additives where they did. Most said they bought from the most convenient store.

Convenient Location	52%
Price	44
Product Selection	13
Brand Name	7
Habit	5
Helpful Store Personnel	3

WHAT THEY BOUGHT ADDITIVES FOR

We asked DIYers what type of vehicle they bought the oil or gas additives for. Most bought for a car.

Car	68%
More Than 1 Vehicle	19
Light Truck	12
Van	1
Utility Vehicle	1

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

We asked DIYers if they had oil or gas additives installed by someone else at some place else in the past year. Most had not.

No	89%
Yes	11

WHERE DIYERS BOUGHT ADDITIVES

We asked DIYers where they bought oil or gas additives. Most bought at automobile parts stores.

Automotive Parts Store	41%
Discount Store	22
Gas Station	17
Department Store	7
Supermarket	3
Convenience Store	3
Car Dealer	2

WHY DID THEY INSTALL ADDITIVES THEMSELVES

We asked DIYers why they installed their own oil or gas additives. Most said it was a simple task.

Simple Task	57%
To Save Money	40
Only Person Around	8
Enjoyed The Job	7
Make Sure It's Done Right	7
Convenient To Do	3

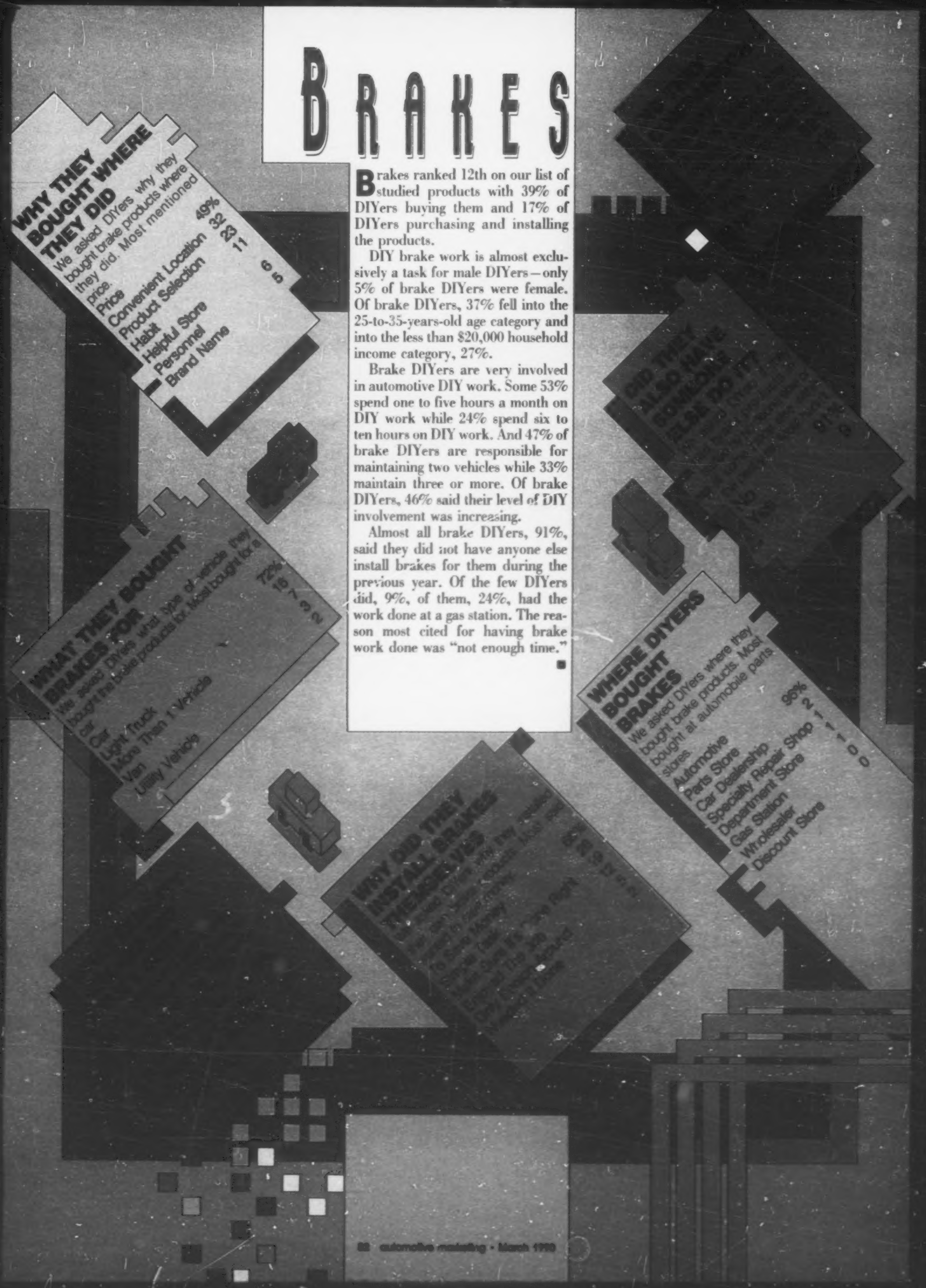
BRAKES

Brakes ranked 12th on our list of studied products with 39% of DIYers buying them and 17% of DIYers purchasing and installing the products.

DIY brake work is almost exclusively a task for male DIYers—only 5% of brake DIYers were female. Of brake DIYers, 37% fell into the 25-to-35-years-old age category and into the less than $20,000 household income category, 27%.

Brake DIYers are very involved in automotive DIY work. Some 53% spend one to five hours a month on DIY work while 24% spend six to ten hours on DIY work. And 47% of brake DIYers are responsible for maintaining two vehicles while 33% maintain three or more. Of brake DIYers, 46% said their level of DIY involvement was increasing.

Almost all brake DIYers, 91%, said they did not have anyone else install brakes for them during the previous year. Of the few DIYers did, 9%, of them, 24%, had the work done at a gas station. The reason most cited for having brake work done was "not enough time." ■



WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought brake products where they did. Most mentioned price.

Price	49%
Convenient Location	32
Product Selection	23
Habit	11
Helpful Store Personnel	6
Brand Name	5

WHAT THEY BOUGHT BRAKES FOR

We asked DIYers what type of vehicle they bought the brake products for. Most bought for a car.

Car	72%
Light Truck	15
More Than 1 Vehicle	7
Van	3
Utility Vehicle	2

DID THEY ALSO HAVE SOMEONE ELSE DO IT?

[illegible]

No	91%
Yes	9

WHERE DIYERS BOUGHT BRAKES

We asked DIYers where they bought brake products. Most bought at automobile parts stores.

Automotive Parts Store	95%
Car Dealership	2
Specialty Repair Shop	1
Department Store	1
Gas Station	1
Wholesaler	0
Discount Store	0

WHY DID THEY INSTALL BRAKES THEMSELVES

[illegible]

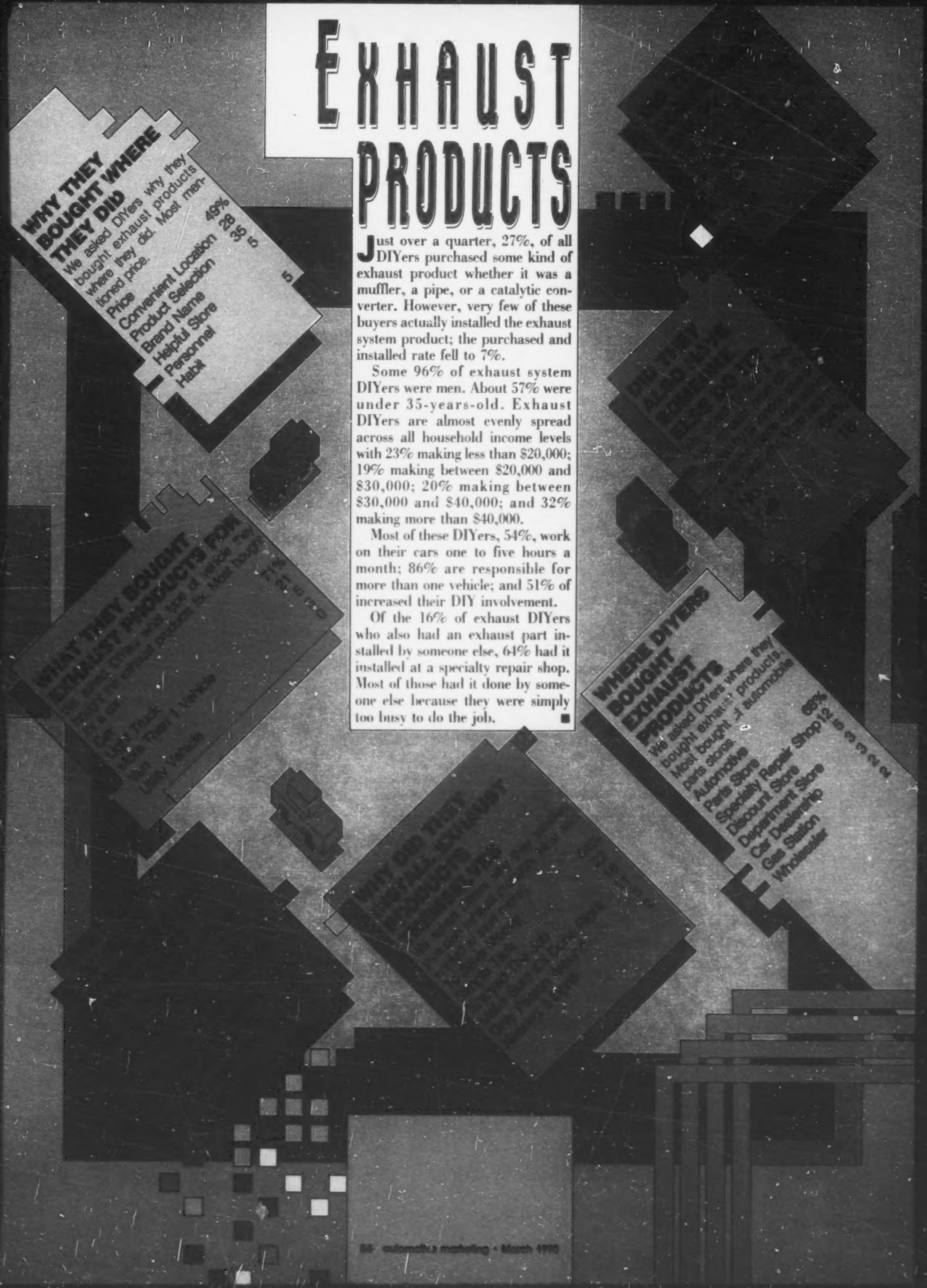
EXHAUST PRODUCTS

Just over a quarter, 27%, of all DIYers purchased some kind of exhaust product whether it was a muffler, a pipe, or a catalytic converter. However, very few of these buyers actually installed the exhaust system product; the purchased and installed rate fell to 7%.

Some 96% of exhaust system DIYers were men. About 57% were under 35-years-old. Exhaust DIYers are almost evenly spread across all household income levels with 23% making less than $20,000; 19% making between $20,000 and $30,000; 20% making between $30,000 and $40,000; and 32% making more than $40,000.

Most of these DIYers, 54%, work on their cars one to five hours a month; 86% are responsible for more than one vehicle; and 51% of increased their DIY involvement.

Of the 16% of exhaust DIYers who also had an exhaust part installed by someone else, 64% had it installed at a specialty repair shop. Most of those had it done by someone else because they were simply too busy to do the job. ■



WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought exhaust products where they did. Most mentioned price.

Price	49%
Convenient Location	28
Product Selection	35
Brand Name	5
Helpful Store Personnel	
Habit	5

WHAT THEY BOUGHT EXHAUST PRODUCTS FOR

We asked DIYers what type of vehicle they bought the exhaust products for. Most bought for a car.

Car	71%
Light Truck	21
More Than 1 Vehicle	5
Van	[illegible]
Utility Vehicle	0

WHERE DIYERS BOUGHT EXHAUST PRODUCTS

We asked DIYers where they bought exhaust products. Most bought at automobile parts stores.

Automotive Parts Store	68%
Specialty Repair Shop	12
Discount Store	5
Department Store	3
Car Dealership	3
Gas Station	2
Wholesaler	2

WHY DID THEY INSTALL EXHAUST PRODUCTS

[illegible]

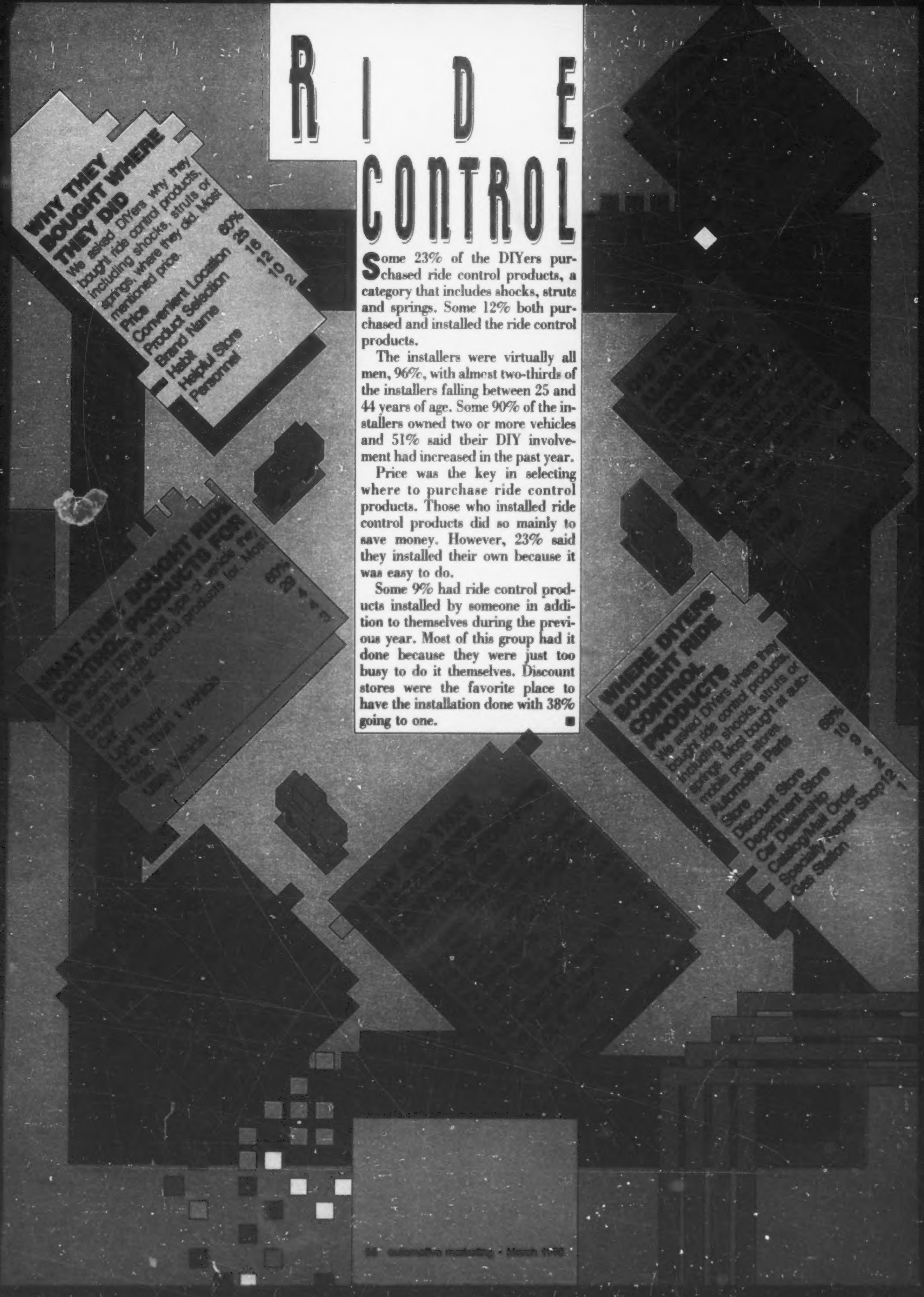
RIDE CONTROL

Some 23% of the DIYers purchased ride control products, a category that includes shocks, struts and springs. Some 12% both purchased and installed the ride control products.

The installers were virtually all men, 96%, with almost two-thirds of the installers falling between 25 and 44 years of age. Some 90% of the installers owned two or more vehicles and 51% said their DIY involvement had increased in the past year.

Price was the key in selecting where to purchase ride control products. Those who installed ride control products did so mainly to save money. However, 23% said they installed their own because it was easy to do.

Some 9% had ride control products installed by someone in addition to themselves during the previous year. Most of this group had it done because they were just too busy to do it themselves. Discount stores were the favorite place to have the installation done with 38% going to one. ■



WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought ride control products, including shocks, struts or springs, where they did. Most mentioned price.

Price	60%
Convenient Location	25
Product Selection	16
Brand Name	12
Habit	10
Helpful Store Personnel	2

WHAT THEY BOUGHT RIDE CONTROL PRODUCTS FOR

We asked DIYers what type of vehicle they bought the ride control products for. Most bought for a car.

Car	60%
Light Truck	28
More Than 1 Vehicle	4
Van	4
Utility Vehicle	3

WHERE DIYERS BOUGHT RIDE CONTROL PRODUCTS

We asked DIYers where they bought ride control products, including shocks, struts or springs. Most bought at automobile parts stores.

Automotive Parts Store	68%
Discount Store	10
Department Store	9
Car Dealership	4
Catalog/Mail Order	2
Specialty Repair Shop	12
Gas Station	1

PAINT

Paint was the 19th most purchased but the 14th most purchased and installed product we studied.

Paint is a product that is relatively often used by women DIYers, with 20% of all paint DIYers being female. As well, the use of touch-up paint also increases with household income. In all, 17% of paint DIYers had household incomes of less than $20,000 annually bought and applied paint, while 30% of all paint DIYers made more than $40,000 annually.

Paint was also relatively often applied by someone other than the paint DIYer. In all, 14% of those who bought and applied paint, had paint applied by someone else during the same year before the study. Car dealerships, at 33% of this group, got the largest share of paint jobs for this group. And, they got it because the DIYers thought the car dealers or other professional shops would do a better job than they could themselves. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought paint where they did. Almost half said they needed to match a specific color.

Product Selection	49%
Convenient Location	32
Price	24
Habit	7
Brand Name	7
Helpful Store Personnel	3

WHAT THEY BOUGHT PAINT FOR

We asked DIYers what type of vehicle they bought the paint for. Most bought for a car.

Car	61%
Light Truck	27
More Than 1 Vehicle	7
Van	3
Utility Vehicle	3

WHERE DIYERS BOUGHT PAINT

We asked DIYers where they bought paint. Half bought at automobile parts stores.

Automotive Parts Store	50%
Car Dealership	15
Discount Store	10
Hardware Store	5
Department Store	4
Body Shop	3
Specialty Repair Shop	2

WHY DID THEY APPLY PAINT THEMSELVES

[illegible]

AUTO REPAIR BOOKS

Automotive repair books—books DIYers can refer to for help as they work on their vehicles—rank 21st on our list of studied products. Some 13% of all DIYers purchased an automotive repair manual.

Almost all, 80%, of automotive book purchasers were male. Some 31% of book purchasers were between 25 and 34-years-old and 33% had incomes of $40,000 or more.

Most of the book purchasers, 57%, work on their vehicles between one and five hours a month. Some, 22%, did more—they worked on their vehicles 11 hours or more per month.

Of automotive book purchasers, 38% were responsible for at least two vehicles and 35% were responsible for three or more vehicles.

Most automotive book purchasers, 47%, said they had increased the amount of automotive DIY work they do. ■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought automotive books or manuals where they did. Most were interested in a wide selection of titles.

Product Selection	49%
Price	21
Convenient Location	21
Brand Name	5
Habit	4
Needed It	3

WHAT THEY BOUGHT AUTO BOOKS FOR

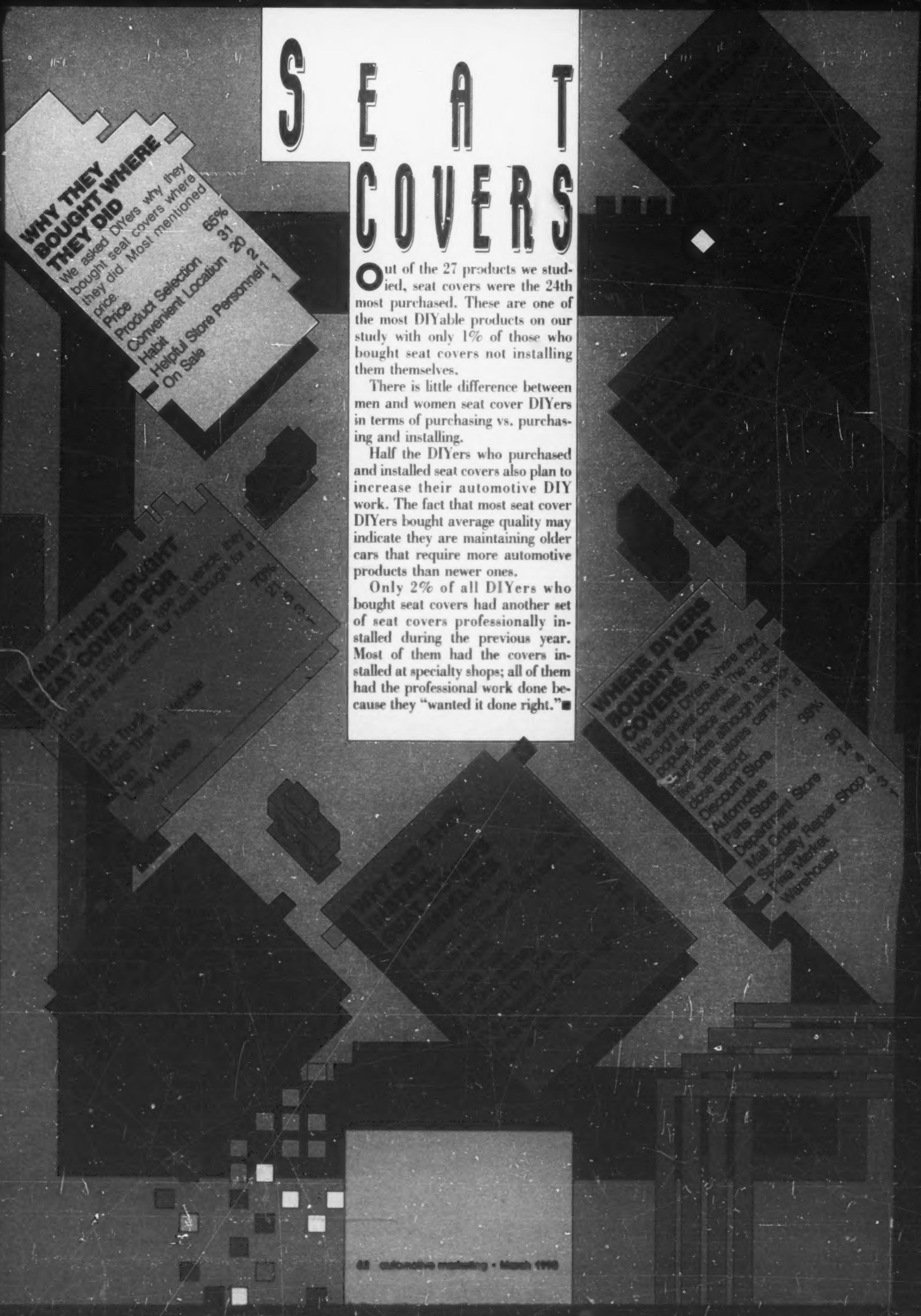
We asked DIYers what type of vehicle they bought the auto books or manuals for. Most bought for a car.

Car	68%
Light Truck	17
More Than 1 Vehicle	14
Van	2
Utility Vehicle	0

WHERE DIYERS BOUGHT AUTO BOOKS

We asked DIYers where they bought automotive books or manuals. Most bought at automotive parts stores.

Automotive Parts Store	39%
Book Store	20
Car Dealership	11
Mail Order	8
Discount Store	3
Department Store	3
Specialty Repair Shop	1



SEAT COVERS

Out of the 27 products we studied, seat covers were the 24th most purchased. These are one of the most DIYable products on our study with only 1% of those who bought seat covers not installing them themselves.

There is little difference between men and women seat cover DIYers in terms of purchasing vs. purchasing and installing.

Half the DIYers who purchased and installed seat covers also plan to increase their automotive DIY work. The fact that most seat cover DIYers bought average quality may indicate they are maintaining older cars that require more automotive products than newer ones.

Only 2% of all DIYers who bought seat covers had another set of seat covers professionally installed during the previous year. Most of them had the covers installed at specialty shops; all of them had the professional work done because they "wanted it done right."■

WHY THEY BOUGHT WHERE THEY DID

We asked DIYers why they bought seat covers where they did. Most mentioned price.

Price	65%
Product Selection	31
Convenient Location	20
Habit	2
Helpful Store Personnel	1
On Sale	1

WHAT THEY BOUGHT SEAT COVERS FOR

We asked DIYers what type of vehicle they bought the seat covers for. Most bought for a [illegible]

[illegible]	70%
Light Truck	21
More Than 1 Vehicle	[illegible]
Van	[illegible]
Utility Vehicle	[illegible]

WHERE DIYERS BOUGHT SEAT COVERS

We asked DIYers where they bought seat covers. The most popular place was the discount store, although automotive parts stores came in a close second.

Discount Store	38%
Automotive Parts Store	30
Department Store	14
Mail Order	4
Specialty Repair Shop	4
Flea Market	3
Warehouse	1

AS THE WORK FORCE CHANGES WHO WILL YOU HIRE?

A non-traditional work force will mean non-traditional ways of recruiting and hiring for aftermarket retailers.

by **Gail Krueger-Nicholson**, Managing Editor

There is a change taking place in aftermarket retailing. That change has nothing to do with parts proliferation or new car technology. The change has to do with the people who staff your stores; the people behind your cash registers, in your stock room, and on your sales floor.

Chances are, if you looked around your store ten or 15 years ago, you would have seen a bunch of fresh-faced, high school and college-aged young men with cars on their minds.

Look around your store today. What do you see? If you are like 66% of our 1989 *Automotive Marketing* Retail Panel, the first thing you see is fewer faces. There are empty places where employees have been. This is the result of a shrinking labor pool, particularly the end of the pool that used to contain the young white males who made up the bulk of the aftermarket hourly work force.

According to U.S. Department of Labor statistics, the population and labor force are growing at the slowest rate in decades. In fact, between now and the year 2000, the labor force may grow at only about one-half the rate of the 1980s.

The number of 16 to 24-years-olds, traditionally entry-level retail employees, has declined. By the year 2000, these people will represent a mere 16% of the work force. Almost three quarters, 73%, of the work force will be between the ages of 25 and 54 at the start of the next century.

So, what does this mean to you?

It means the worker shortage is not short-term. While there is a steady supply of retail jobs to fill, there are fewer of the types of individuals you are used to hiring applying for them. It means that in order to get by, aftermarket retailers will have to take a closer look at their employee situation now – and for the future – and make some significant changes in their hiring practices.

Whom Will You Hire?

So, whom will you hire in the 1990s? More women, more minorities, and more older workers are the likely candidates.

According to a report from the Hudson Institute, an Indianapolis, IN, think tank, only 15% of people joining the work force between now and the year 2000 will be white males. Almost one half, 42%, of new workers will be white females. Working women will represent 47% of the nation's labor force by the year 2000.

The number of minority workers in the labor force will also rise. The Hudson report also noted that 43% of new workers over the next few years will be non-whites or immigrants, both male and female.

Another population group that is on the rise is the over 65-years-old segment. Many of these people are opting for early retirements and are leaving the labor pool. But, many return as part-time workers.

The above groups – women, minorities, and retirees – represent areas of the population that have not been fully tapped by retailers looking for employees. The potential is there. But, the same recruitment and hiring techniques that got you good employees in the past may not work today.

These groups of potential employees have different needs and will have to be reached in different ways. We will explore their potential as aftermarket employees and how to reach them in future articles.■

1990 RETAIL EMPLOYEE REQUIREMENTS

As this chart shows, there will likely be a 20.2% short-fall of retail employees aged 16 to 24 this year. These young people are normally the primary first-time employees who staff many retail outlets including those in the aftermarket. There will likely be, however, a 24.1% surplus of retail employees in the 35 to 44-years-old group. Aftermarket retail employers who have trouble keeping their stores staffed would do well to aim their recruitment efforts toward this group.

Worker Ages	% Of Sales Workers 1981	Needed In 1990 (000)	Likely To Have In 1990 (000)	(Shortage)/ Overage
16-24	32.1%	645	515	(20.2%)
25-34	25.3%	708	694	(3.0%)
35-44	18.9%	528	655	24.1%
45-55	15.8%	442	417	(5.7%)
56-65	12.3%	345	356	(25.8%)
65-Up	4.6%	129	113	(12.4%)

Source: Bureau of Labor Statistics & Management Horizons, a division of Price Waterhouse

COPING WITH THE LABOR SHORTAGE

A study by Management Horizons, Dublin, OH, a division of Price Waterhouse, lists techniques some retailers use to cope with the shrinking labor pool and still get the best from their employees. Basically, the techniques involve being better employers.

Improve Corporate Culture

1 Show clear evidence of positive top management involvement. Be seen on the sales floor.

2 Change the way top management thinks of and refers to store hourly labor. Make sure the attitude is positive.

3 Evaluate leadership style, recognize that the best organizations feature mutual respect, open communications, understanding, and acceptance of authority.

4 Establish hiring profiles and policies. Seek out extroverts and people-oriented employees, or employees with special extra skills like computer literacy, or employees with certain specific characteristics.

5 Direct extended training program to education development, not just routine store tasks.

Improve Job Tasks

1 If the job is important to keeping your store in business, pay accordingly.

2 Introduce variability and diversity into each worker's job to reduce boredom.

3 Increase difficulty and complexity of tasks with tenure and pay. Expect more, and you will get more.

4 Use mechanical or computer technology to replace the mundane tasks in each job; enlarge the job into other areas as a result.

5 Shift simple tasks from store help to shoppers whenever possible through self-service techniques.

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Racing & Retailing 27

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Racing Profiles 32

A look at aftermarket suppliers & their racing programs.

Chemicals: Making Magic For Your Bottom Line 60

Today's automotive chemicals are magical—not just in their formulations and what they can do for vehicles—but in what they can do for your bottom line. The entire chemical section is changing, however, as environmental issues become a concern in our market.

Racing Profiles

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MARKET LINE

COMMODITIES

A Slight Upturn In 1989 Plug Sales; But Long Term Decline Continues

In our January issue, antifreeze/coolant suppliers talked about what a difference a year makes. Spark plug suppliers might as well talk about the difference a decade makes.

Since the late 1970s, annual automotive spark plug sales have declined by roughly 125-150 million spark plugs. Spark plug suppliers have fewer chances to sell plugs in the 1990s. For example, according to MediaMark, New York, which surveys some 20,000 households annually, people in 46% of all households bought spark plugs in 1980. By 1989, that percentage decreased to 30%.

Less Than A Toothbrush

One result has been bitter competition among spark plug suppliers. About the only real profit has been to the consumer. "The consumer can go into a retail store today and pay more for a toothbrush than he does for a spark plug," Mike Bommarito, product systems manager, AC-Delco/GM Service Parts Operation, Detroit, said.

"And there's a total difference in the technology behind the product. Today, consumers pay the same for a spark plug as they paid ten years ago. That's because of the commodity and competition aspects," Bommarito continued.

Today, the DIY consumer typically pays about $1.19 to $1.29 for a resistor plug. But heavy promotion often puts the price well under $1. Advertised sales with rebated prices as low as 39-cents are not unusual. "Nobody likes rebates," Bommarito conceded, "but it's good advertising. We'd like to see rebates become a thing of the past. But who is going to be the first manufacturer to stop them?"

The Long Decline

Who indeed? We spoke with all the major suppliers about the market. We asked

WHERE SPARK PLUGS ARE SOLD

Outlet	% Total Sales	Trends
Gas Stations/Garages	30-35%	Still the leader.
Auto Chains	15-20%	Must keep DIYer in the market. [illegible] ice will do well.
New Car Dealers	15-20%	[illegible] anties, [illegible] sing. [illegible] parts [illegible]
Discount/ Department Stores	10-15%	Have [illegible]
Jobber/Retailers	10-15%	Should [illegible] DIYer [illegible]
Tune-Up Specialist	5-10%	[illegible] growth [illegible]
Other Outlets	5-10%	[illegible] res could [illegible]

Source: Automotive Marketing from various [illegible]

RETAILERS

Lacey Resigns From Northern Automotive

John Lacey resigned as president and CEO of Northern Automotive, Phoenix, on March 7, 1990. He had been with Northern Automotive since November 1988.

Succeeding Lacey as CEO is Julius Trump, chairman and director of Northern Automotive's parent company Northern Pacific, New York.

Northern Automotive gave no reasons for the switch in leadership.

Although the resignation was reported to be amiable, there is no question that it was abrupt. A vendor who arrived in Phoenix on Wednesday and spoke with Lacey was called Thursday morning while he was shaving and told he would meet Trump instead.

Several vendors claimed to be "very surprised" since Lacey had taken large steps to "restoring the credibility" of the operation, in the words of one.

In 1989, Lacey reduced the store count of Northern Automotive, Autoworks, and Crown Auto from 869 to about 825 while increasing sales from $660 million to a reported $770 million. ■

about the strategies of survival in a shrinking spark plug market, and where that market is heading.

The reasons behind the downward trend of spark plug sales through the 1980s were simple. First, electronic ignitions and unleaded gas made engines run cleaner and slowed spark plug fouling. The twice yearly tune-up became a thing of the past. In 1980, more than 70% of cars still had standard ignitions that burned regular gas; by 1989, the percentage was less than 7%. Add to this the general down-sizing of cars in the 1980s that reduced the percentage of V-8 engines on the road from a little more than three-quarters of all cars to roughly 45% today. In 1980, there was an average of a little over seven plugs per car; by 1989, the average was just a shade over six.

Then too, the manufacturers – pushed by OE carmakers – developed better, longer lasting spark plugs. Today, a 24,000 mile spark plug, which was a technological breakthrough ten year ago, is the standard for the industry. Car makers are pushing for even longer life plugs, 60-100,000 miles.

Joe LaFramboise, spark plug product manager for Ford Motorcraft, Detroit, said, "We've looked at the cycle planning and seen an influx of precious metals – single or double platinum, maybe gold – used in the interest of extending the service cycle. One reason it's motivated is because the plug is difficult to get to as you downsize the car and lose accessibility. As it gets more difficult to replace the plug, the OEs want to reduce the number of times you have to get to it."

Aftermarket Concerns

While the OE plug suppliers are pleased, some aftermarket people are concerned. "What's happening here," Dan Lieberman, vice president of marketing at NGK, Torrance, CA, said, "is that we're no longer in the plug business. It started with nickel alloy, then copper, now it's platinum. We're in the commodities business. I want people to change their plugs. I'm not in the insurance or warranty business. I'm in the business of selling spark plugs."

To summarize, there are fewer holes to fill in vehicles that are easier on better made plugs. Think about that, and you might wonder why bother trying to compete. It's clear why over-capacity, depressed prices, and declining profitability are the players in the game.

While no supplier is cheering at the moment, there are some healthier signs in the market. In 1989, for instance, spark plug sales increased slightly, according to manufacturers, and most believe the worst of the slide is over.

Dick Kudner, vice president of sales and marketing for Champion Spark Plug, Toledo, OH, which was acquired by Cooper Industries in 1989, said, "Basically, the decline is over. All the negative factors – eights to fours, unleaded fuel, electronic ignitions – have all run their course. We see some positive things: more six cylinder cars on the road, eights holding their own in sales. The average number of holes is probably turning around and increasing after declining for years. The number of vehicles on the road is increasing. The number of miles driven is up. So we think the market is leveling off."

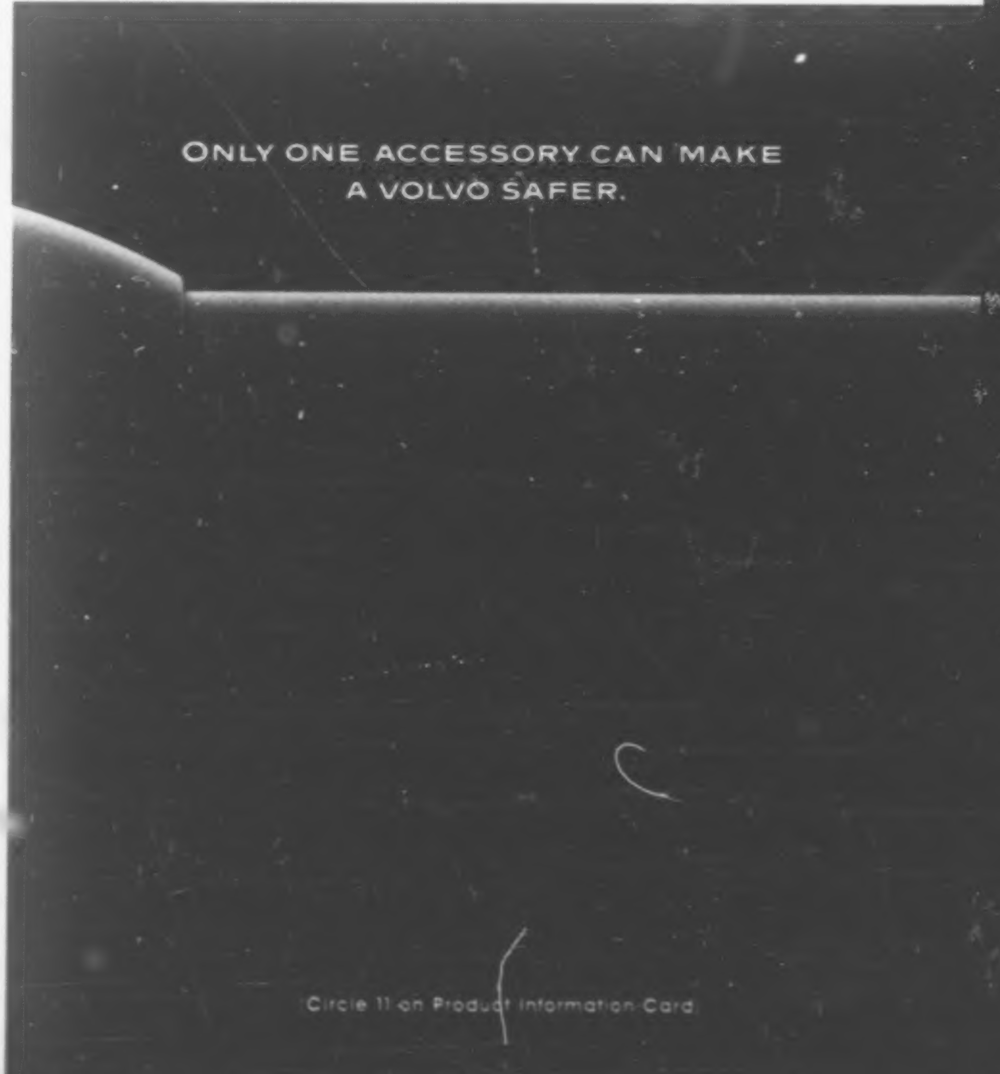
Although manufacturer estimates vary slightly, the market seems to have leveled off at sales of about 540-550 million automotive plugs and 650-660 total plugs (including marine and small engine plugs). While no one expects a turnaround and dramatic sales increases, suppliers do forecast an end to 2-3% a year declines. As Mark McIvor, vice president of marketing at the Electronics Div. of Allied Automotive, East Providence, RI, said, "The market has stabilized. Basically, you'll see it go up and down a point or two each year."

Declining DIY Rate

Although manufacturers view the total market as relatively stable, there is general agreement that the DIY share of the market will continue to decline through the 1990s. McIvor, for example, said, "I see DIY going down at a point or so a year for the next several years. The reasons? The complexity of cars. Warranty implications mean a tendency to return to the dealer. The availability of quick tune locations."

Simple accessibility will also seriously hinder DIYers. Spark plugs have long been a basic DIY job simply because replacement is fairly easy. Joe LaFramboise, spark plug product manager for Motorcraft-Ford Parts and Service Div., Detroit, said that will no longer be the case. "With aerodynamics, a shorter wheelbase, a lower car, some tilted engines, and all that high-tech packed in, the DIYer is going to be frustrated just accessing the plug." These comments were echoed by other manufacturers.

So, it looks as though the 1990s will see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another drop in the DIY rate, although like all changes, this one will occur over a number of years. The DIY rate, which was more than 50% in the 1970s, is in the 45% range now, and most manufacturers see the decline in DIY continuing through the 1990s to perhaps 35% by the end of the decade.

Many car owners will turn to new car dealers for maintenance, as Bommarito said. "As the quality of the vehicles improves, there's less warranty work at the dealerships. It frees up bays and allows dealers to be more aggressive at getting maintenance business. The problem in the past was that the dealership bays were devoted to warranty work. So far, we've seen a slight increase. For the last three years, there's been a 2% increase each year."

The Big Four Suppliers

Together, the big four spark plug suppliers, Champion, AC, Autolite, and Motorcraft, own about 85-90% of the market. Here's a look at them.

Champion is still the market leader, although its share has decreased somewhat in recent years. However, the company is very strong in small engine plugs and sells in the 35-40% range of the market (depending on whose market share estimates you accept).

"We're going to be focusing on our core products—wipers and plugs. Other products will no longer be a factor. They'll be phased out," Kudner said.

Kudner conceded that selling a Champion line of filters, wire and cable, and chemicals might have diverted resources from core products in recent years. However, while these products will be phased out, a successful fuel injection cleaner will remain as part of Champion's line. Champion has been the market leader for what seems like forever. It has the premium price position in the market, and a more focused Champion could regain some business it has lost.

AC-Delco, a very strong runnerup to Champion in the 30-35% range, will profit from a consumer turn to the dealerships. With some 73 million GM cars on the road, it also has a built in constituency of consumers who might ask for AC-Delco parts.

Bommarito also suggested that the exact fit spark plug (rather than a short line plug) is more critical for today's technologically advanced vehicles. Between dealer sales, the GM Delco-Tech program for independent repair shops, and AC's longtime strengths in the WD/jobber channel, AC-Delco should at least hold its own.

Autolite claims a share in the mid-teens, most all of it earned during the years the market was shrinking. "In 1990, we're taking a hard look at all our products to try and find out where we're positioned to serve the market. We believe we offer inventory advantages, and that awareness of Autolite has grown in the market," McIvor said.

Motorcraft's share could be allocated to Autolite since Autolite actually makes the spark plugs for Ford. LaFramboise conceded there's still a lot of confusion among consumers about the two brands (Until the 1970s, Autolite was sold as Ford Autolite). "We're trying to leverage our OE association. AC and Motorcraft walk down the aisle together. There's 42 million Ford vehicles on the road. The easiest sale is with the OE message." Ford's growing reputation for vehicle quality could rub off on Motorcraft.

Champion's Kudner noted that "Champion and Autolite are strong with retailers. We're not as strong to dealers as AC and Motorcraft, so it depends on which way the pendulum swings. The last few years, it's been shifting to the dealerships."

The Imports

Beyond the big four, the rest of the market goes to three import newcomers. The most successful have been Robert Bosch, Broadview, IL, and NGK. Both are in the 5-8% range. The third, Nippondenso, Long Beach, CA, is in the 1-3% range.

Bosch has made its strongest effort with platinum plugs priced about $1 over standard copper plugs at retail. Joe Crowley, product manager, said that because plugs are often sold as loss leaders, "people don't realize the price/value relationship. It's a problem for people who make them and market them." Crowley said platinum plug sales were up 25% for Bosch in 1989. Bosch is placing its effort on educating counter people to sell the quality difference.

NGK offers a new line, V-Power, for domestic applications this year. "We're not getting away from the Japanese name," Lieberman said. "But the market is still 70% domestic vehicles. Our first claim to fame was motorcycle plugs, then import plugs. We're still perceived as a maker of plugs for import cars. So, if people recognize NGK as imports, then they will recognize V-Power as domestic plugs."

Both Japanese plug makers have benefited from the rise in import vehicle shares. They are OE to the major Japanese import cars (NGK to Nissan, Nippondenso to Toyota, and they divide Honda's OE business about evenly), and are also sold at import dealerships. Toyota, for example, competes directly with Nippondenso with its Star program. ■

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MARKET LINE

KAUFMAN ON THE MARKET

How Big Is The Auto Chemicals Market?

Edward L. Kaufman,
Contributing Editor

Talking with automotive chemicals manufacturers, we found some consensus on the conditions of the market. For example, the manufacturers agree on the impact of advertising on sales of wax and polish, the impact of fuel quality problems, and the movement to fuel injection systems on sales of fuel additives. But, manufacturers do not agree on the size of the market.

"The fact is," Carol Celeste, marketing manager of Wynn Oil, Fullerton, CA, said, "that no one manufacturer has a good handle on this subject, and we won't have until we get together and have our sales data pooled and counted by an impartial body."

As chairman of MEMA's Automotive Chemical Council, Celeste is campaigning for cooperation in assembling industry-wide sales data on automotive chemicals.

In the meantime, chemical makers deal as best they can with pieces of market data. A. C. Nielsen tracks sales of some lines in certain types of outlets (like food and drug chains), but does not cover all types and all outlets selling automotive chemicals. Naturally, makers factor their own sales data into their estimating process as well as whatever data is publicly available on their competitors' sales. However, their interpretations vary.

For example, First Brands, the only company with leading products in all three of the major sub-groups (it has Prestone, the dominant brand of antifreeze/coolant; STP, the leading additive brand; and Simoniz, one of the leading appearance chemical brands) has a conservative view of the market. At First Brands, Rick Bowen, vice president marketing, estimates that 1989 retail sales of automotive chemicals were probably a lot closer to $2 billion than to the $3.3 billion forecast in the latest Frost & Sullivan report. But, he said, "No one knows for sure."

Bowen is especially skeptical of estimates that 1989 retail sales of antifreeze/coolant exceeded $1 billion. "Historically, about 200 million gallons of antifreeze are sold annually of which the largest percentage, historically about 60%, have been sold to the retail aftermarket. At an average retail price of about $7 per gallon, total sales to the retail aftermarket were no more than $840 million, perhaps as low as $800 million."

Similarly, Bowen is skeptical of estimates that total sales of additives in 1989 exceeded $1.[illegible] billion. "We are quite sure that the antifreeze market is larger than the additives market."

Based upon data of A. C. Nielsen and other reporting services plus publicly available data on sales of Armor All, Bowen estimates total sales of appearance chemicals (wax, vinyl protectants, exterior cleaners, and washes) were about $600 million in 1989. However, Armor All, Irvine, CA, which also uses Nielsen data and is the leader of the protectant category and now a strong participant in the wax and polish category as well, is convinced that 1989 sales of appearance chemicals topped $665 million.

In our chart, we present our best estimates on the size of the total market, major sub-groups, and individual product lines. Because we believe that you should know the extent to which there are differences of opinion on market estimates, we also show the range of estimates on which our own are based.

In contrast to wide differences of opinion on the size of the automotive chemical markets, we find that the manufacturers are in general agreement on these points:

- **Antifreeze/coolant is the largest single category.**

Antifreeze/coolant is also one of the slowest growing in terms of unit sales. Dollar sales, which had increased rapidly in 1988-89 because of price increases, have sloped off.

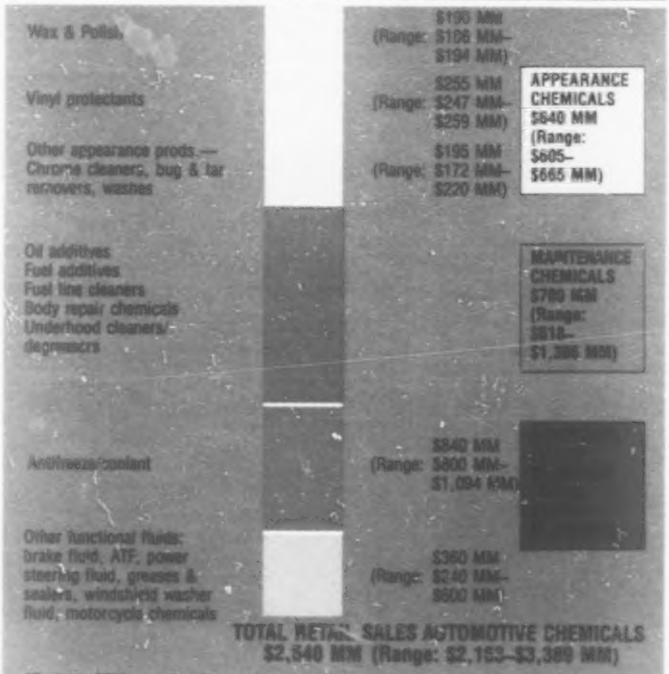
- **DIYers are active users of automotive chemicals.**

Some DIY activities are steady, like changing antifreeze/coolant. Some activities are hurt by technological changes, for example, closed automotive systems may discourage light DIYers from using underhood chemicals. But technological change has also increased sales of some chemicals, like fuel system additives. In addition, some activities which had been growing slowly, such as applying wax and polish, have increased due to manufacturer advertising.

- **Advertising pays.**

After a few years of slow growth, sales of wax and polish moved up in 1988 and 1989. Armor All used heavy advertising to blast its way into the wax and polish category. During 1989 advertising expenditures for such brands of wax as Turtle Wax, Simoniz, Armor All and Raindance (acquired by Armor All) were about double the previous year. The result: a larger pie. The heavy advertisers all gained sales. ■

ESTIMATED RETAIL SALES OF AUTOMOTIVE CHEMICALS*



*Excludes OEM and bulk sales of antifreeze/coolant and other functional fluids.
Source: LINDSEY-KAUFMAN COMPANY, 1990

A BRONCO MORE RUGGED.

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CHEMICALS: MAKING MAGIC FOR YOUR BOTTOM LINE

Today's automotive chemicals are magical—not just in their formulations and what they can do for vehicles—but in what they can do for your bottom line. The entire chemical section is changing, however, as environmental issues become a concern in our market.

by **Gail Krueger-Nicholson,**
Managing Editor

The wall or gondola of automotive chemicals in your store certainly is a magical place. It is the place where carefully formulated chemical concoctions turn into dollar bills via the hands of your DIYer customers.

The process is relatively easy. DIYers with vehicle maintenance concerns or problems—anything from a dirty windshield to a sluggish engine—come to your store's chemical section for a solution.

CHEMICALS: MAKING MAGIC FOR YOUR BOTTOM LINE

They buy one or more of the hundreds of chemical products you stock. They willingly pay the price you ask. They use the product as directed. They solve their problem. You make a profit.

For 86% of *Automotive Marketing's* Retail Panel members, chemicals account for up to 15% of their dollar sales. Chemicals account for 10% to 15% of unit sales for 57% of the Retail Panel members.

According to a study entitled *U.S. Markets For Automotive Chemicals* from the Predicasts Industry Studies Div. of Business Trends Analysts Inc., Commack, NY, almost $40 per year per car is spent purchasing chemical products at automotive retail outlets. Our Contributing Editor, Edward L. Kaufman, president of The Lindsey-Kaufman Co., a Tenafly, NJ, consulting firm, estimates retail sales of automotive chemicals at between $2.2 to $3.4 billion.

Now, that's magic.

Yet despite the relative ease with which this chemicals-into-dollars alchemy takes place, you have more to do to keep the process going than just waving a magic wand these days. Changes taking place on the chemical walls and gondolas today need your attention. Today's higher margin, more sophisticatedly formulated chemical products require active selling. And you need product knowledge to do so.

CHEMICALS & DIYERS

What percentage of your sales in these various chemical categories go to DIYers?

Functional Fluids	64%
Wax/Polish	60
Other Appearance Chemicals	57
Protectants	56
Oil & Gas Additives	63
Fuel Injection Cleaners	56

Source: 1990 Automotive Marketing Retail Panel

Changes In Chemicals

There are three interrelated areas of change for chemical products these days:

- A move away from selling chemicals on price alone on the part of suppliers.
- A move by suppliers and retailers to selling "environmentally friendly" chemicals.
- And, a increased sophistication in chemical formulas to meet the increasing sophisticated requirements of DIYer chemical buyers and their vehicles.

CHEMICAL SKUS

We asked for a ballpark estimate of how many chemical SKUs retailers carried

Up to 100 SKUs	43%
101 to 200 SKUs	14
201 & More	14

Source: 1990 Automotive Marketing Retail Panel

No Longer Price Alone

According to one chemical manufacturer, chemical suppliers have historically had margins as low as 1% on each unit of their products. That same manufacturer says that there is a tradition of selling chemicals on price alone. "Shelf space has always been a big issue with chemicals. Some manufacturers have been buying shelf space by cutting their margins—we do not care to participate in this," the manufacturer's spokesman said. But selling on price alone is changing, according to the spokesman.

"Manufacturers are trying to do one thing with chemicals today: we are trying to create truly new products based on new technology," the same source said.

An example of one such chemical breakthrough is an alcohol "protector" for gasoline from a leading manufacturer. The product was originally formulated for use in small and marine engines, but found a profitable market niche west of the Rockies as a gasoline additive in areas where there can be a high level of alcohol in the fuel.

"Volume sales of such specialty products are low so far, but highly profitable. Sales of the traditional oil and gas additives remain high," the company spokesman said.

Specialized chemical formulas like the alcohol protector allow chemical manufacturers to increase their margins and, equally important, allow retailers to increase their profits by meeting specialized customer requirements at a non-fire saleprice.

For instance, several western states including Colorado, Arizona, Nevada, and New Mexico have passed laws mandating the use of oxygenated fuels in an effort to reduce air pollution. Oxygenated fuels add high levels of alcohol or ether that increase the oxygen content of the fuel so it burns cleaner in the engine.

CHEMICAL SKUS ADDED

We asked for a ballpark estimate of how many chemical SKUs retailers had added since 1985

Added Up to 50 SKUs	71%
Added 51 Or More SKUs	29

Source: 1990 Automotive Marketing Retail Panel

However, the increase of alcohol or ether in fuels can cause driveability problems such as stalling, hesitation, and rough idling, according to another leading maker of automotive chemicals. This is due to the increased amount of deposits left behind by oxygenated fuels. Traditional fuel additives can help these driveability problems, but not all fuel additives work effectively in oxygenated fuels.

This leaves a unfilled market niche—a niche that at least one chemical manufacturer is jumping in to fill. The new fuel additives from this company mix completely with oxygenated fuels so their effectiveness is not reduced, according to the company. It is another example of a new, sophisticatedly formulated chemical product that offers greater profit potential for supplier and retailer alike.

EXPANDING CHEMICAL CATEGORIES

We asked retailers which chemical categories they thought they would have to be expaned over the next few years

Fuel Additives	29%
Specialty Cleaners	29
Fuel Injector Cleaners	14
Sealants	14
Appearance Chemicals	14
Lead Additives	14
None	29

Source: 1990 Automotive Marketing Retail Panel
Equals more than 100% due to multiple answers

Chemicals & The Environment

Pressure from federal government bodies like the Environmental Protection Agency (EPA), state and local agencies like Los Angeles' South Coast Air Quality Management District (SCAQMD), and consumer activist groups like the National Wildlife Federation, about environmental issues have pushed chemical suppliers into action.

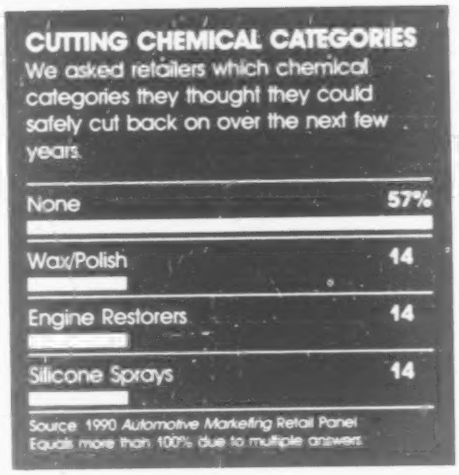
For instance, the same chemical manufacturer that formulates the additive for oxygenated fuels has also pledged to do its best for the environment. A statement from this company says, "We support the orderly establishment of controls and standards designed to protect and preserve the quality of our environment. It is the company's policy to conform with all applicable environmental standards with each of our products."

This company does not stand alone.

Several other chemical suppliers have issued similar statements. One has said that its goal is to have all its products nonflammable, recyclable, environment-friendly and in conformance with all government requirements as soon as possible.

Statements like these have put new products like non-flammable tire sealants, biodegradable engine cleaners, and biodegradable gas and oil additives on retailers' shelves in recent months—often in recyclable plastic bottles.

And some retailers are clamoring for more. Chief, with about 500 stores headquarted in Seagoville, TX, launched a chemical program called Specially Adapted For The Environment (SAFE) late last year. Through the program, Chief promotes environmentally safe chemicals on its shelves. In-store education material, shelf talkers, counter cards, and employee buttons all call attention to Chief's commitment to a safer, cleaner environment. As part of that commitment, Chief seeks out environmentally safe products to stock on its chemical shelves. Chief has also started an oil reclamation program in some of its stores.


CUTTING CHEMICAL CATEGORIES
We asked retailers which chemical categories they thought they could safely cut back on over the next few years.

Source: 1990 *Automotive Marketing* Retail Panel
Equals more than 100% due to multiple answers.

But not all suppliers and retailers are on the environment-friendly chemical bandwagon yet.

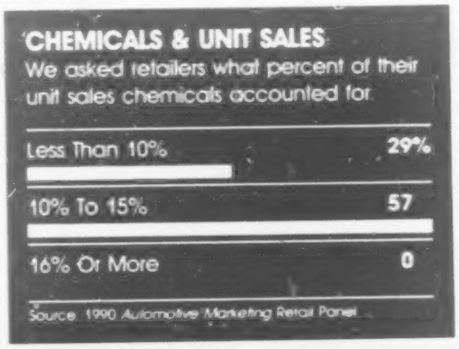
"A lot of the (traditional chemical) products do good, but they are being regulated out of existence," one chemical supplier said.

This spokesman cited the CFC propellant used in tire sealants as an example. Use of those propellants will be outlawed in the near future. "But carbon dioxide or simple air pressure is not strong enough to get the product into the tire. It's a problem and this product is threatened," the spokesman said

"You have to look at some trade-offs. We *are* concerned about what the products do and problems they may cause. But there are trade-offs: clean running cars and less air pollution vs. use of carb cleaners which have some chemicals some environmentalists consider bad," he added.

The same spokesman said his company, like many others, is looking to create new environmentally safe formulas for existing chemical products and to create new safe ones.

"In some cases we've had the technology for years. But, five or six years ago when we originally tried to bring such


CHEMICALS & UNIT SALES
We asked retailers what percent of their unit sales chemicals accounted for.

Source: 1990 *Automotive Marketing* Retail Panel

SELLING CHEMICALS

While chemicals are magical profits makers for automotive retailer's bottom lines, they do not sell themselves. On-the-floor sales people must be ready to answer questions about the hundreds of chemical products on the shelves. Here is a brief review of what some of the most popular chemicals do.

Maintenance chemicals are aids to the DIYer. One of the most widely used is **penetrating lubricant,** which is used to loosen rusted or corroded nuts and bolts. Almost every DIYer will buy this product regularly for home and auto repair. **Lubricating grease** is also a popular item among DIYers working with older cars or parts that require lubrication and protection from rust.

There are various types of **cleaners** available for different parts of the engine. **Choke and carburetor cleaners** come in spray and liquid; both clean the inside of the carburetor, the choke and the linkage, removing the gum and varnish that build up on the carburetor. Sprays are applied directly into the carburetor; liquids are added to the gas tank.

Engine degreasers remove grease, dirt and grime from engines so they can run cooler and more efficiently. They are sprayed on the engine block.

Brake cleaners are used to clean away grease, grime and any moisture or oil that may accumulate on brake parts and pads. Clean brakes will last longer and stop quicker.

Battery terminal cleaners are used to clean away corrosion from the terminal posts. They also serve to protect the clean terminal from further corrosion.

Cooling system cleaners are for cooling systems that have been neglected too long to make a standard flushing effective. In addition to removing sludge and rust, most cooling system cleaners will also lubricate the water pump.

Oil and gas additives have shown strong growth in sales in recent years because of the demand for better gas mileage and the strong sales of fuel injected cars. There are many brands and many claims. You should make a point of reading the labels carefully and have your customers do the same.

Oil additives often contain such ingredients as a viscosity improver that thickens the oil. These are often used for older engines to close various clearances inside the engine. Some oil additives clean valves and piston rings for better wear. Engines with leaking seals can benefit from **engine stop-leak additives** which seal in oil bearings and oil seals. Some newer products are designed to reduce friction by coating internal parts with a super slippery oil.

Gas additives are used to clean the fuel system. However, in winter, you'll sell a lot of **gas line antifreeze,** an additive that soaks up moisture between the gas tank and the carburetor. There are also **cold starting sprays,** a highly combustible liquid sprayed right into the carburetor. Finally, there are **silicone sprays** to help dry out a wet electrical system in cold or rainy weather.

Although diesel engines are not as popular as once predicted, there are a quite a few on the road, and there are various **diesel fuel additives** available for them. Water is the greatest enemy of the diesel engine and most additives are designed to absorb moisture and hinder wax formations so the engine performs to standards.

There are also additives designed for other systems of a car, although they'll represent a much smaller proportion of your sales. For example, there are **rust inhibitors** for the radiator and **transmission additives** to help ease slipping and down shifting in the older automatic transmission by cleaning away deposits.

There are almost as many chemical products as there are automotive systems and DIYers. The best ways to keep informed baout their use is to get all the trainin available from their makers and to read all the information from the suppliers as new chemical products make their way to your store's shelves.

products out, consumers were not interested. Now they are. It's time to bring the technology off the shelf and put it on the label."

One member of our Retail Panel, J. D. Carlon, of Arnold Auto Supply, Arnold, CA, disagrees with the above chemical spokesman. Carlon said he does not believe consumers are interested in environmentally safe chemicals – yet. "They're more concerned in satisfying the urge to contribute somehow to preventive maintenance of their auto. It is about the only remaining preventive maintenance measure they can handle without a Phd."

However Carlon added that he will change chemical products lines to environmentally safe products as soon as that "becomes a factor in influencing my customers' buying habits."

CHEMICALS & DOLLAR SALES

We asked retailers what percent of their dollar sales chemicals accounted for.

Less Than 10%	43%
10% To 15%	43
16% Or More	14

Source: 1990 *Automotive Marketing* Retail Panel

THE MOST POPULAR CHEMICALS

We asked retailers to list the three most popular chemicals. Here are the ones they listed.

Functional Fluids	49%
Wax/Polish	49
Other Appearance Chemicals	29
Protectants	29
Oil & Gas Additives	100
Fuel Injection Cleaners	14
Brake Fluid	14
Oil	14
Antifreeze/Coolant	14

Source: 1990 *Automotive Marketing* Retail Panel
Equals more than 100% due to multiple answers

New Frontiers & Old Friends

Carlon's customers – and yours –, those DIYers who enjoy doing chemical maintenance on their vehicles, have plenty of new products to work with these days. With each new development in automotive technology, the chemical suppliers are there with a product to meet a need or to fill a niche. For instance, one chemical manufacturer we spoke with has a new fuel injector cleaner specifically formulated to attack the problem of clogged intake valves on small, high output engines.

"We created this product specifically in response to BMW's finding that intake valves on their engine clogged in a particular way. We are meeting a new need with this one," he said. The spokesman also said that his firm has several other products "on the drawing boards" to fill new chemical product niches.

With all the new chemicals on the shelves these days, the magical chemical section in your store can be confusing to store employees and customers alike. But, even with the flood of new chemical products, some basics still hold true.

Basically, all automotive chemicals – and there are many of them as our chart shows – fall into two categories: functional fluids or maintenance chemicals.

Functional fluids are just what they sound like; they are the fluids without which the vehicle cannot run. These include chemicals like brake fluid, transmission fluid, and power steering fluid. Oil, antifreeze/coolant, and even windshield washer fluid can also be included in this group.

The chemicals in this group are very straightforward. What they do and how they do it does not require a complicated explanation, nor do they really change from year to year. These are the easy-to-sell chemicals that almost all DIYers are familiar with. For the most part, the only questions your floor sales staff are likely to be asked about these chemicals is where to find them in your store.

Maintenance chemicals are very different. In general, maintenance chemicals clean, lubricate, degrease, boost octane, and otherwise keep vehicles running smoothly. They are aids to the DIYers as they maintain their vehicles and are the "magic formula" products that cure many drivability woes.

This group of products has constantly changing formulas, and it is in this group where the chemical suppliers continually introduce new products – for their profit and yours. ■

CHEMICALS & THE ENVIRONMENT

We asked retailers if they thought DIYers were concerned that the automotive chemicals they buy are safe for the environment.

Yes	29%
No	71

We also asked them if they would change lines or in any other way put an emphasis on environmentally safe chemicals in the coming year.

Yes	43%
No	43
Not Yet	14

Source: 1990 *Automotive Marketing* Retail Panel

INFORMATION, PLEASE

We asked retailers what they thought were the most important chemical information sources to DIYers.

How To Books	86%
Friends	49
Mechanics	49
Store Hand-Outs	14
Packaging	14

Source: 1990 *Automotive Marketing* Retail Panel
Equals more than 100% due to multiple answers

THE AUTOMOTIVE CHEMICAL LINEUP

Here is a list of some of the most popular automotive chemicals sold in retail stores. We've included almost every liquid a DIYer might pour into or onto a vehicle.

- **Antifreeze/Coolant**
- **Brake Fluid**
- **Cleaners For Carbs, Chokes & Fuel Injectors**
- **Degreasers**
- **Diesel Additives**
- **Engine Flush**
- **Gasoline Additives**
- **Lead Substitutes**
- **Leak Inhibitors**
- **Octane Boosters**
- **Oil**
- **Oil Additives**
- **Paint**
- **Power Steering Fluid**
- **Protectants**
- **Radiator Flush**
- **Starting Fluids**
- **Tire Sealant/Inflators**
- **Transmission Fluids**
- **Wax/Polish**
- **Windshield Washer**

C2150-10

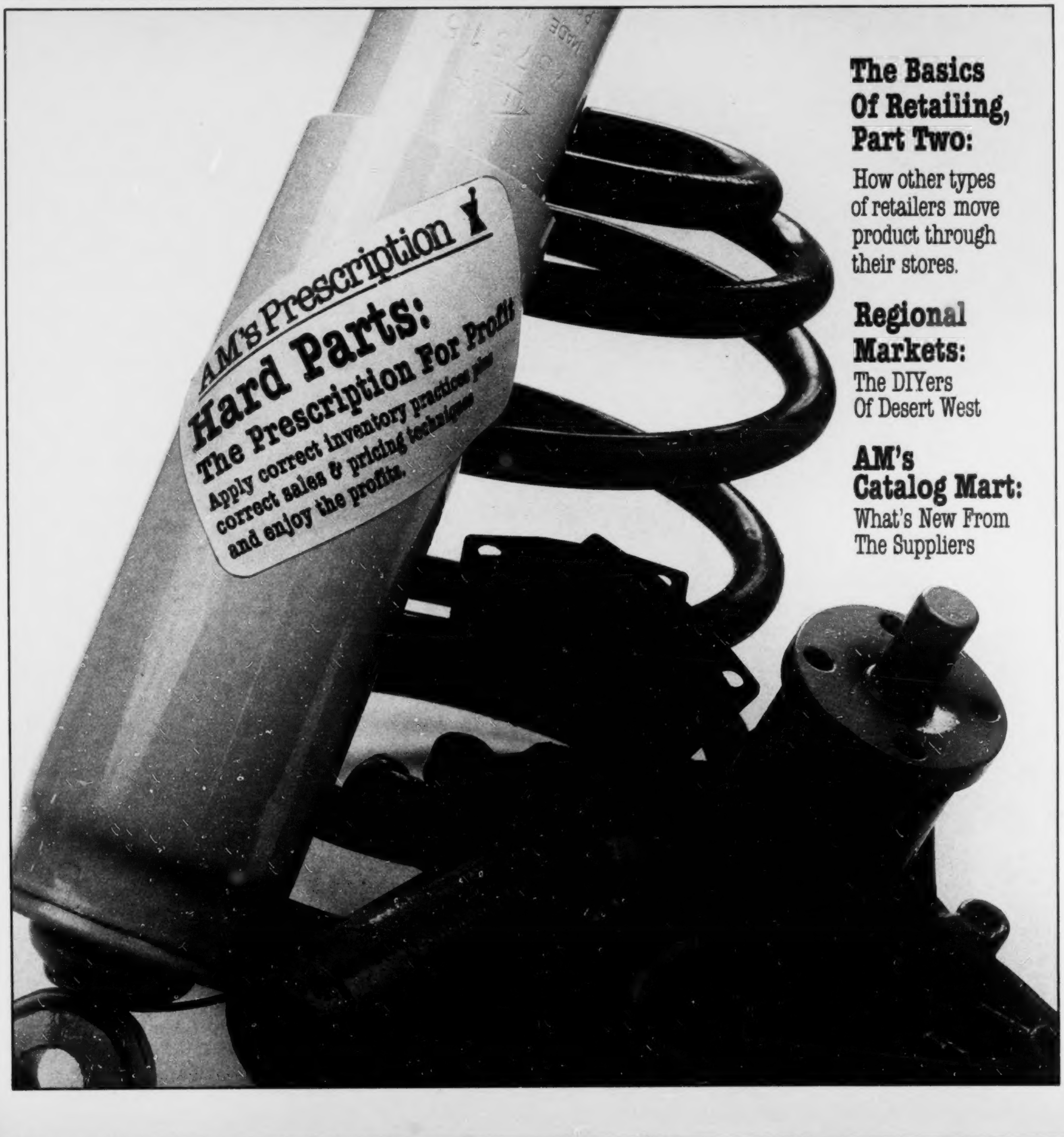
Chilton's

$3.50

AUTOMOTIVE MARKETING

Your Information Source For The Automotive Aftermarket

MAY 1990



AM's Prescription

Hard Parts:

The Prescription For Profit

Apply correct inventory practices plus correct sales & pricing techniques and enjoy the profits.

The Basics Of Retailing, Part Two:

How other types of retailers move product through their stores.

Regional Markets:

The DIYers Of Desert West

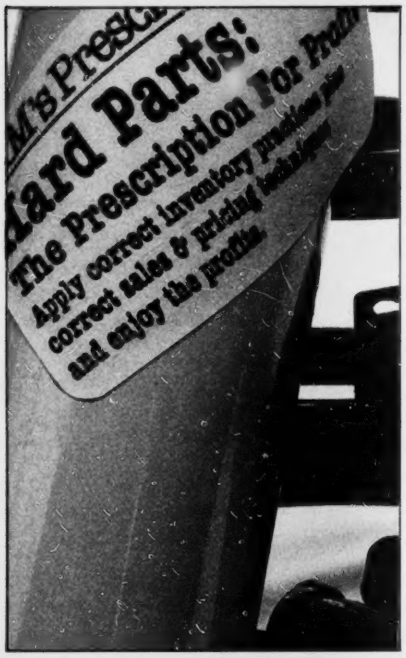
AM's Catalog Mart:

What's New From The Suppliers

Chilton's

AUTOMOTIVE MARKETING

May Issue/Volume 19, Number 5


M's Presc
Hard Parts:
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and enjoy the profits

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Hard parts are the foundation of all aftermarket retailer sales. These are the products vehicle maintainers can't be without.

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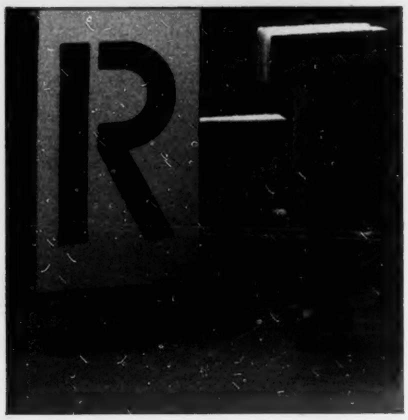
Getting products into the hands of consumers is the major job of all types of retailers. What other types of retailers are doing to do this job better can help the aftermarket.

Regional Markets: Desert West 38
In this sixth of a series about DIYer customers, we look at Desert West. What makes the aftermarket customers in this region different?



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MARKET LINE

TRADE SHOWS

APAA Calls For Combined Shows

The Automotive Parts & Accessories Association (APAA), Lanham, MD, would like to see at least two aftermarket shows held concurrently in Chicago in the fall, its own and one other. The other shows in question are the one held by the Specialty Equipment Market Association (SEMA), Whittier, CA, and the Big "I" Show co-sponsored by the Motor & Equipment Manufacturers Association (MEMA), Englewood Cliffs, NJ, and the Automotive Service Industry Association (ASIA), Chicago.

Speaking at a press briefing held in Chicago, APAA 1990 Show Committee Chairman James E. Minarik, Sparkomatic Corp., Milford, PA, said, "The bottom line is that APAA's position is now perfectly clear and unambiguous. We prefer and plan to have our show in the fall in Chicago which is when and where our members have clearly stated they want our show. In addition, we would welcome and indeed would like to have both SEMA and the Big 'I' Shows join us in Chicago in the Fall and we have now contacted both SEMA and Big 'I', formally and informally, to express our position."

However, Minarik went on, that the exhibitor overlap was greatest between the APAA and Big "I" Shows rather than APAA and SEMA, so APAA feels that the former are the two shows which might be most logically held at the same time.

Denis J. Healy, Turtle Wax Inc., Chicago, former APAA chairman, treasurer, and show committee chairman, added that the association's "willingness to hold the show concurrently with other shows is specific enough to warrant a response."■

INFORMATION

SUPERMARKET AUTO PRODUCTS SALES

Here are the 1987 and 1988 sales figures (the most recent available) for automotive products sold in supermarkets doing more than $4 million annually per outlet.

	1987	1988
Product	$ Sales	$ Sales
Accessories	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
Oil	[illegible]	[illegible]
Wax/Polish	[illegible]	[illegible]
Total	[illegible]	[illegible]

Source: [illegible]

RESEARCH

Easton Consultants Examine Parts Slump

For the past several years, Easton Consultants, Hopkinton, MA, has been massaging the data from 100,000 vehicle repairs. Working from this data, Easton Consultants partner Hank Allessio delivered some disturbing thoughts for the aftermarket.

Allessio believes the data may help explain why parts sales have been sluggish, and why many parts companies, when reporting sales in real terms, report negative growth. Analysis of repairs by vehicle make shows that import vehicles (passenger cars and light trucks) have fewer parts and service needs than domestic vehicles, especially for more serious repairs. "The average import will consume 21% fewer dollars per vehicle, excluding body parts, than a domestic vehicle," Allessio said.

Allessio's study shows that while replacement rates for quick change parts (filters, plugs, etc) are roughly the same for domestic and import vehicles, imports had a 13% lower replacement rate than domestic vehicles for maintenance parts (shocks, exhaust, etc), and a 43% lower replacement rate for repair parts (parts needed to get the vehicle running again, like a fuel pump.)

Is It Age Or Quality?

Because we'd seen so many studies on the improved quality of new domestic vehicles, we wondered whether the age of the vehicle made a difference. Allessio conceded that the discrepancy in replacement rates was not as dramatic when vehicles five years and newer were studied. "But, while domestic vehicle makers are improving, foreign vehicles have improved too.

"Couple this with the fact that the percentage of imports on the road is growing, and the fact that the import OE dealer networks hold a higher share of the repair market than do domestic dealers, and the message is clear for the aftermarket," Allessio said. "The rules are changing."■

A BRONCO MORE RUGGED.

Hard Parts: Just What Are They Anyway?

By Edward L. Kaufman,
Contributing Editor

What, exactly, are "hard parts?" As used in the retail aftermarket, the term refers to replacement mechanical parts; items which are needed to keep a vehicle on the road as opposed to fuzzy dice and other items that are optional.

However, retailers classify batteries and spark plugs—which seem like hard, need items—together with filters, motor oil and antifreeze/coolant as quick turn parts or consumables. Also, when retailers talk about hard parts, they almost never have in mind things like engine bearings or crash parts.

This reminds me of the Mad Queen in *Alice In Wonderland* who said, "When I use a word, it means exactly what I wish it to mean!"

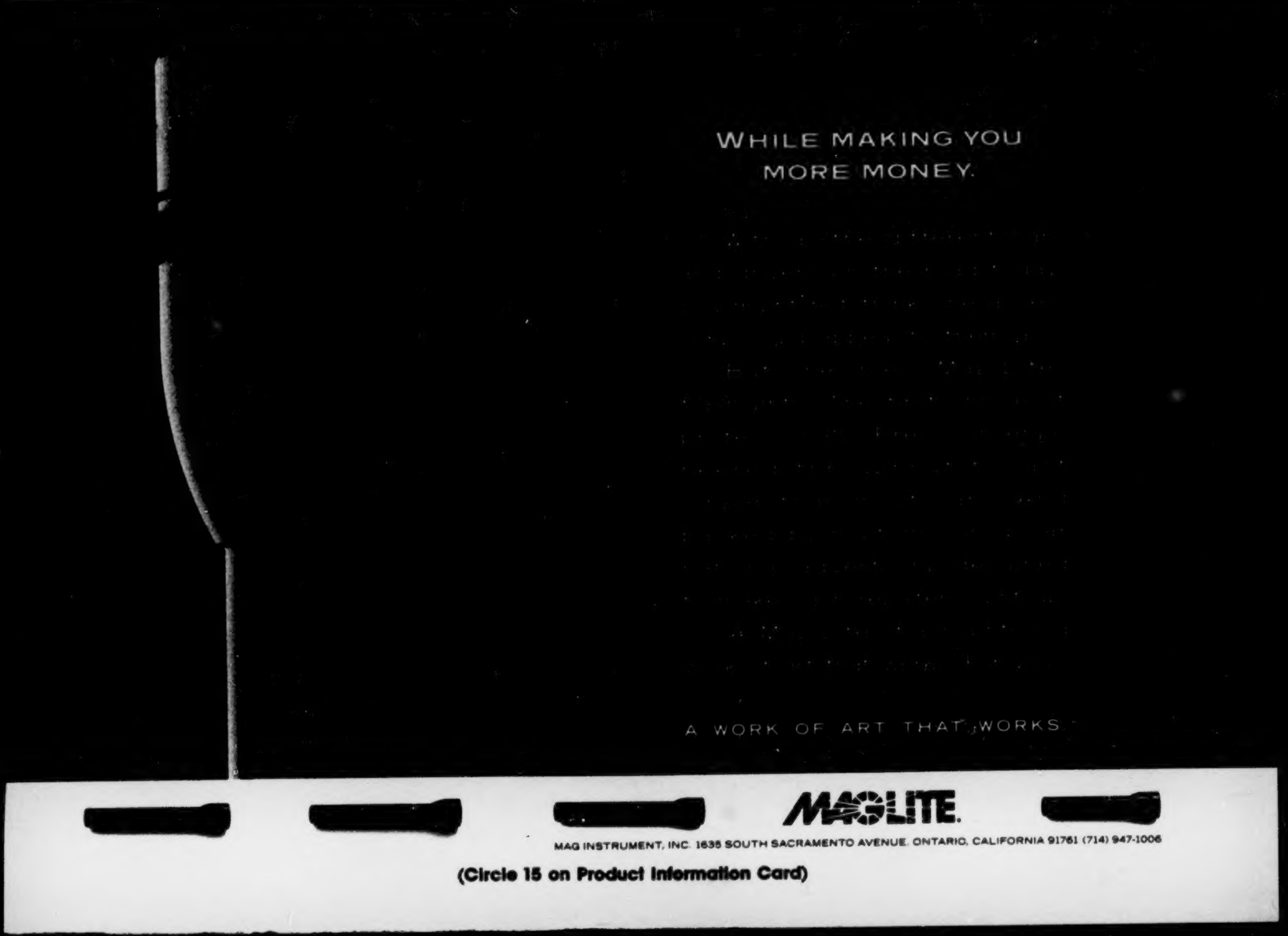
What We Mean

Our pie chart presents Lindsey-Kaufman Co.'s estimate of total retail sales of replacement parts in 1989. The definition of "total" here includes sales of body parts installed by independent and car dealer body shops plus car dealer sales of parts installed in warranty service. According to the National Automobile Dealers Association (NADA), in 1988 car dealers had retail "sales" (actually payments from car makers) of about $3.9 billion on "customer warranty mechanical parts."

If we exclude crash parts and car dealer warranty parts, there was a competi-

HARD PARTS STOCKED BY MOST RETAILERS

Ignition Parts, Wire & Cable
Ignition Modules, Point Sets, Ignition Leads, Distributor Caps, Battery Cable, Rotors, Battery Terminals & Connectors, Coils, Vacuum Controls, High & Low Tension Wire, Switches, Solenoids, Buster Cable, Voltage Regulators, Primary Wire Terminals, Relays, Hard Plug Terminals, Temperature Sending Units, Connectors, Oil Pressure Sending Units
Cooling System Parts
Water Pumps, Belts & Hoses, Replacement Radiators
Fuel System Parts
Carburetors, Fuel Pumps
Ride Control Parts
Shocks, struts, springs
Exhaust System Parts
Mufflers, Pipes, Catalytic Converters
Brake System Parts Lined Brake Shoes, Disc Brake Pads, Master Cylinders, Calipers, Brake Hardware Kits
Other Hard Parts
Clutches, Power Steering Parts, Rack & Pinion Steering, CV-Joints, Blower Motors, Wiper Motors, Smog Pumps, Turbo Chargers



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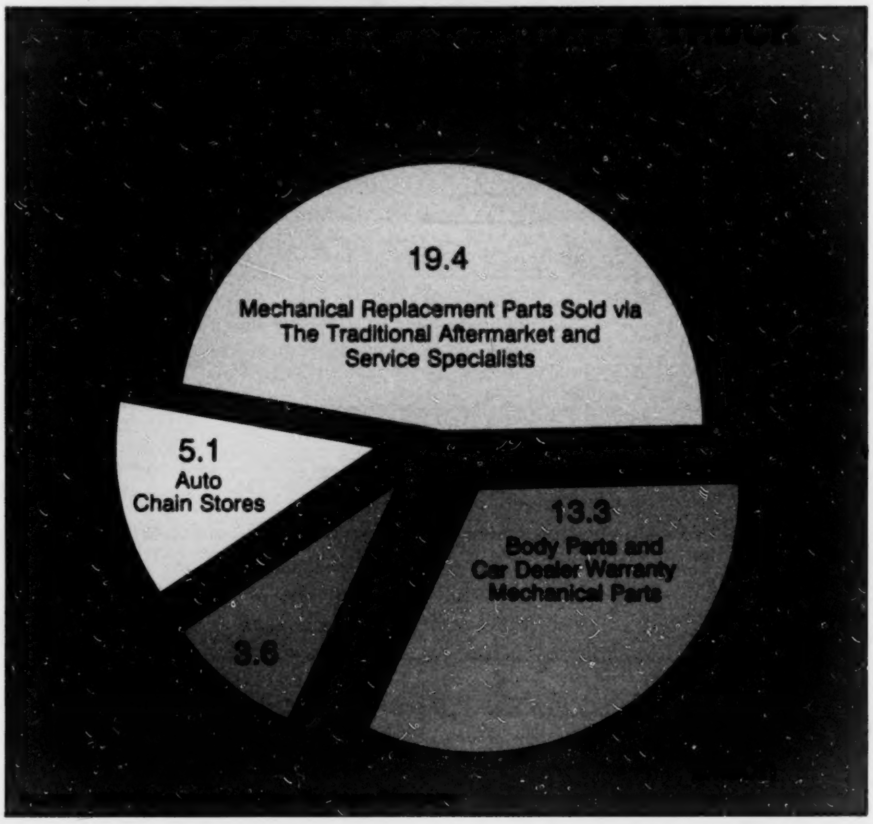


tive, mechanical replacement parts market in 1989 of about $28.1 billion. Of this amount, about $19.4 billion were sold via the traditional aftermarket and service specialists. That included about $2.9 billion in parts sold to DIYers by jobber-retailers; the remaining $16.5 billion of the $19.4 billion were parts sold by traditional generalists and service specialists on an installed basis.

That leaves $8.7 billion in replacement parts sold by retailers. Of these, $1.7 billion were installed, $7 billion sold over the counter. Our pie chart shows that auto chain stores accounted for an estimated $5.1 billion of the $8.7 billion, leaving $3.6 billion for mass merchandisers. We think that auto chain stores had $700 million in parts sold on an installed basis (not including labor charges) versus $1 billion for the mass merchandisers.

Whether or not you are interested in market definitions or precise market estimates, if you intend to compete in the retail aftermarket, you must have a program for selling those slower moving hard parts. After all, if you don't have them when the customer needs them, he may never come back for your wax, motor oil, filters and spark plugs.

But, obviously it is impossible for volume retailers to stock all the hard parts car owners might need. Even broad-line jobbers can't do that. Typically, they stock 20-30,000 SKUs in parts compared to 10-12,000 SKUs for auto chain stores. What's more, the parts inventory problems are worsening (even for jobbers) because of the proliferation of car and truck models.

What are retailers doing about the parts inventory problem? Well, some are doing nothing, and they are seeing no growth in their parts sales per store, even declines in sales per store. In other words, they are growing only by adding stores—and they can't do that forever.

Options For Hard Parts Coverage

The chains which are committed to retaining—and building—their replacement part business appear to have several options.

They can stock hard parts in greater depth at all of the chain's stores. It is always easier to sell something if you have it on hand. But this requires ample space (which not all stores have), plus a willingness to accept slower turnover as a cost of retaining customers. And, even those stores cannot stock all the replacement parts customers might require, anymore than jobbers can.

Some chains designate one big store in the chain as the "warehouse store." That is, a store which both retails a broad assortment of parts to DIYers and walk-in mechanics and which also serves as a depot for a network of other stores in the chain. This, in effect, is what ADAP, Avon, MA, does with its "Auto Palace Super Stores."

Chain can also chose to stock only the faster moving hard parts at each store, but arrange to have prompt delivery (overnight or sooner) from one of the chain's distribution centers. A trend among some big chains appears to be to designate one of their DCs as "hard parts centers."

Other chains stock only the fast moving hard parts at each location, but rely on warehouse distributors to provide fast delivery of the slower moving items. That is, they draw upon the 100,000-plus SKUs of the WDs just as jobbers do.

Not surprisingly, WDs who value their relations with jobbers have been reluctant to enter relations with retail chains. But some WDs are not so reluctant anymore. But, said Martin Butler of the Distributors Institute, Chicago, "Don't expect those WDs to sell parts at sharply discounted prices because of the volume. They've been all through that. They expect to make a profit on their services."

Still other chains who are successful at selling hard parts rely on specialists, as for example importer-distributors, to provide basic stocks plus "hot delivery." That has been IAPCO's "pitch" for years: carry a basic assortment of parts-for- imports (tailored to the import car registrations in each store's market) and supplement it with fast delivery from IAPCO's warehouse. ■

LETTER

Editorial Taken To Heart

We recently received this letter from Jules Glogovcsan, president, Hunter Performance, Houston, about our November 1989 editorial.

We picked up a copy of your publication at the 1989 SEMA show. Your editorial on "Saying It Right" was, in my opinion, appropriate and on-target!

I have the editorial next to my telephone in my office. When I get a sales inquiry, your listing of Mr. Graham's five key sentences, which I highlighted in yellow, is on my desk. I review the sentences as I talk to the inquiry. I have worked up a closing response based upon the five sentences.

In business, as in life, our successes are in part based upon the level of influence we have on the people we deal with. With relationships being so important in the sales process, thoughts such as you have expressed in the editorial are the kind of "little things" that can make a big difference. Thanks! ■

Hard

The Foundation O

Hard parts are the foundation of all aftermarket retailer sales—the items vehicle maintainers can't be without.

by **P. Royall Katcher,**
Business Editor

If it ain't broke, don't fix it. But, if a vehicle's broken down, most drivers have to fix it, and they'll generally need a hard part to do so. Therefore, hard parts are *the* basic product that aftermarket retailers *must* stock and sell, even if they ignore the other two major aftermarket product categories of chemicals and accessories.

After all, customers can pick up basic chemicals almost anywhere—motor oil from the supermarket can be even cheaper than motor oil in an aftermarket retail store, and the customer doesn't have to make a special trip to buy it. He or she can simply wait to buy it when making the weekly grocery shopping trip.

Accessories—from seat covers to fuzzy dice—aren't vital for running a car or light truck; they're added on to suit personal tastes and have to be sold on their own merits.

But, let a water pump fail, let a fuel injector get too clogged, let a belt snap, and the vehicle maintainer *has* to replace that item—and now.

How many hard parts are sold reflects that basic fact of automotive life. Lindsey-Kaufman Co., Tenafly, NJ, an aftermarket consultant firm, projected 1989 mechanical replacement hard parts sales, excluding crash parts and car dealer warranty parts at about $28.1 billion dollars. On average, retailers in our Retail Panel tell us that 45% of their unit sales and 50% of their dollar sales are in hard parts.

Hard parts are a big, basic market.

And, in some categories, they're a growth market. A leading manufacturer of replacement belts and hoses sees above-the-industry growth in those parts alone. "We're expecting close to 3.5% growth compared to just over 1.5% for the industry," a company spokesperson said. "Based on the data being collected, we obviously feel that the next five years offer steady growth within the industry."

What DIYers Buy

That isn't what outsiders have said. For some time now, doom-sayers have said that cars are getting too technologically complex for DIYers to purchase their own hard parts. Car owners are turning, instead, these gloom-and-doom prophets say, to professional installation.

To some extent that may be true, especially in certain systems such as specialty installed mufflers or fuel filters. But, the report of the death of the DIY hard parts market is greatly exaggerated.

One major manufacturer of front end parts classifies DIYers into three categories. About a third, a company spokesman said, are "minimum" DIYers who don't have special tools and won't tackle involved tasks. A third are technicians ranging from plumbers to aerospace engineers who delight in mechanical jobs and will try anything. The final third are moonlighting mechanics who work on their own and friends' vehicles and will also try anything. The last two thirds of all DIYers, this company spokesman feels, are prime targets for hard parts sales.

Indeed, on average, 71% of all retail hard parts sales *Automotive Marketing* Retail Panel members report go to DIYers rather than to professional installers. Retailers on the Retail Panel, for example, told us that more than half their sales of belts, brake parts, cooling system parts, electrical system parts, filters, hoses, ignition system parts, mufflers, and shocks were to DIYers.

Moreover, the DIYers contacted for the 1990 *Automotive Marketing Consumer Automotive Repair Study (CARS)* also said they bought hard parts in large numbers. Among other products purchased, 85% of all DIYers bought filters; 59% bought tune-up products such as spark plugs and ignition wires; 49% bought lighting products; 44% bought cooling system parts; 39% bought brake parts; 38% bought batteries; 27% bought exhaust system parts; and 23% bought shocks, struts, or springs over a year-long period.

Where Hard Parts Are Sold

Where these DIYers bought the hard parts is also encouraging to the aftermarket. According to *Automotive Marketing* consumer research, hard parts are overwhelmingly sold to DIYers in automotive retail outlets.

For example, automotive parts stores accounted for less than half, 45%, of all DIY antifreeze/coolant sales; only 41% of oil or gas additives DIY sales; and 41% of DIY motor oil sales.

Compare this, however, to the 68% of DIYers who bought suspension system parts, 78% who bought cooling system

The Aftermarket Parts

parts, and 96% who bought brake parts at the same automotive stores.

And, these DIYers don't bother to shop around for price. For example, 64% of DIYers who bought cooling system parts; 62% of those who bought brake parts; and 65% of DIYers who bought suspension system parts didn't bother to look around for the best price before buying the products they needed.

If DIYers need a hard part, chances are that they'll come to an automotive store to buy it without even thinking of price.

What Hard Parts To Stock

So successful aftermarket retailers have to stock hard parts. But, what to stock?

A decade ago, *Automotive Marketing* asked members of its Retail Panel what the major problems in selling hard parts were. The leading two replies were "inventory investment" and "market coverage." In other words, how much should the retailer stock to offer maximum coverage for the customer while having to invest as little as possible in stock?

Today, on average, members of the *Automotive Marketing* Retail Panel report they offer 71% coverage, which they find to be sufficient to meet their customers' needs. What are their philosophy of ordering inventory?

Noyes Turner, Darling's Auto Parts, Brunswick, ME, which does 75% of its dollar sales in hard parts, consults a history of previous inventories—what's sold and what hasn't—before ordering new inventory.

M.A. Waters, who runs a Western Auto Store in Comfort, TX, plans his coverage based on local vehicle population statistics as well as requests from customers.

Twin "B" Auto Stores, Norfolk, VA, seeks manufacturers' guidance in planning its hard parts coverage. After all, who knows what sells better than the manufacturers who have to meet customers' demands?

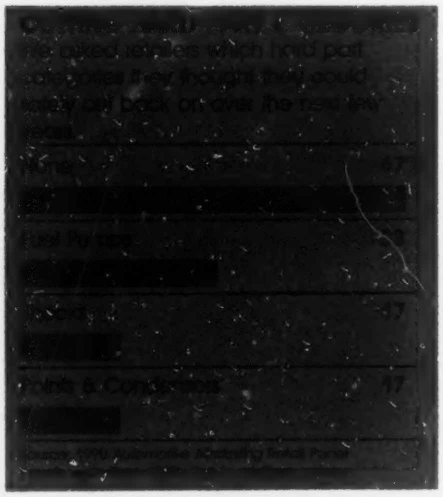
A major front end manufacturer parts spokesman suggests that retailers should stock according to vehicle registrations. "Changes in car registration number affects not the depth of the stock but its breadth," he said, indicating that retailers should stock sufficient numbers of products for vehicles in any special trading area. The question for many retailers is where to get that information. This spokesman recommends turning to manufacturers for help.

Hard Parts

What Manufacturers Are Doing

Indeed, manufacturers have spent a great deal of time considering the problems of parts coverage in their product areas. And they agree that offering sufficient coverage as the number of different automobile models increases is a major challenge.

For example, one leading radiator manufacturer's research suggests that only seven radiator models can cover about 30% of the aftermarket's total unit volume. Doubling the inventory to 14 SKUs only increases the coverage to 47%; 28 SKUs deliver 61%; and it finally takes 53 SKUs to produce a 73% coverage—just about the average hard parts coverage offered by *Automotive Marketing* Retail Panel members.



Moreover, if the trend to model proliferation continues, a company spokesman said, his company's 1996-1997 catalog would contain more than 1,000 radiator SKUs to offer 95% coverage.

So, manufacturers have started offering retailers tools to contain this problem.

The front end manufacturer has divided the country into 30 marketing areas and offers regional buying guides to its customers based on vehicle registrations and sales figures for the previous 12 months.

In another, similar program, a leading manufacturer of engine and chassis parts, as well as gaskets and oil seals, has devised a system that divides the U.S. into five regions—Northeast, Southeast, Midwest, Southwest, and Far West. The company then evaluated each region according to sales trends, vehicle production figures, actual and related item sales figures, part nature, and replacement rate.

"There are more domestic and import vehicles, makes, models, and engines on the road than ever before," said a spokesperson for this company. "More part numbers are needed for good coverage by suppliers. Sales data show that demand for those parts varies substantially from one region to another. Our system will give distributors better inventory turns and a better ROI (return on investment), plus it assures everyone in the service chain that the parts they need will be available when and where they need them."

Merchandising Hard Parts

It's not just enough to stock hard parts; customers have to know what's available. This calls for merchandising—and it's obvious that successful aftermarket retailers realize it.

First, one gets customers through the door with advertising. For example, a recent newspaper advertisement for Victory Auto Parts, Columbus, GA, showed advertised 17 chemical and accessory products. But, the meat of the ad is for hard parts. The chain used the advertising opportunity to promote plug wires, clutches, oil pumps, lifters, main bearing sets, rod bearings, headers, starters, alternators, filters, shocks, brake pads, and batteries.

How, then, to pick what to advertise? What is the philosophy of advertising hard parts?

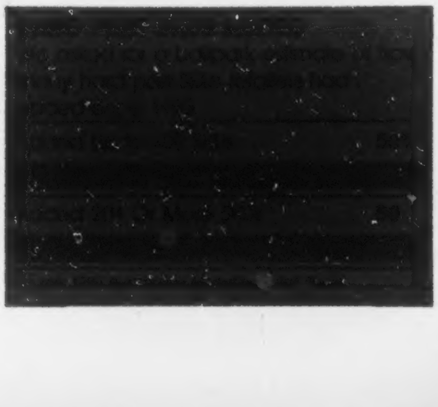
Alvis C. Cox, Cox Auto Supply, Yankton, SD, advertises some items such as batteries on a seasonal basis. But, he said, "Anytime is good for the balance of repair items." He finds that advertising engine kits for overhauls produces good results in his market.

Twin "B" Auto Stores uses a different approach to determine what hard parts should appear in the company's advertising. The company's management gathers employees from all different levels—from headquarters to stores—in a sales meeting where products to be advertised are picked. The company makes sure that, as much as possible, all its employees have an input into the process.

WHAT HARD PARTS ARE

The term "hard parts" may sound vague, but it actually fits an entire category of products well. Hard parts are virtually anything that is attached to a car either under the hood or under the car body. Hard parts are usually made of metal which has often been combined with other materials such as rubber. They include engine parts, transmission parts, rear-end parts, suspension system parts like shocks and struts and coil springs, bearings, and seals.

What hard parts are not are fast-moving chemicals or accessories, the other two basic categories of products sold by automotive aftermarket retailers.



Hard Parts

PROBLEMS IN SELLING HARD PARTS TOMORROW

Retailers see several trends that may adversely affect hard parts sales through auto parts stores. These are:

- Specialty Installers: Companies such as Speedy Muffler certainly have affected exhaust system parts sales, as have quick lubes affected oil filter sales. As consumers become more time-pressed, these specialty installers threaten to take more sales out of auto parts stores' cash registers.
- Extended Warranties: New car warranties continue getting longer. As a result, vehicle owners will return to their dealers long after the vehicle is brand new.
- New Technology: As computerized systems, such as fuel systems, find their way into new cars, DIYers will, some experts say, go for professional service rather than trying to install their own hard parts.

A typical result? A recent Twin "B" newspaper ad featured ignition wire sets, carburetors, gas shocks, and spark plugs, in addition to the usual antifreeze/coolant, oil and air filters, and batteries. It also featured wrenches and other hand tools needed to install hard parts—an example of add-on selling.

In the store, the front end manufacturer spokesman recommends shelf talkers that speak to customers, describing the product and actually showing it with line drawings for easy identification. A supplier's shelf talker should be placed near the display, he said. Then, related products and tools should be stocked nearby.

System Selling

Why stock related products near each other? Simply because DIYers may think they need only one basic hard part to solve a particular automotive problem. In fact, however, usually a number of different parts should be replaced at the same time.

For example, said the product manager of a major brake manufacturer, "Too many people think only of pads and shoes when they think about brakes. However, brakes are a system which is only as safe as its weakest link."

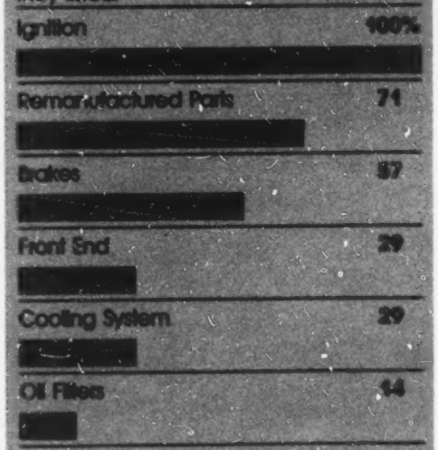
Thus, said the front end manufacturer spokesman, shocks and springs should be close together with a shelf talker over the shocks saying something like, "Are you replacing shocks because your car sags? You may also need springs." Detailed information below that can explain how both parts often need replacing at the same time.

He also recommends having hard parts out front so they can be easily found.

After all is said and done, hard parts are the foundation on which all retail aftermarket success is built. Learning the philosophy of successful inventory and merchandising them leads to growth and increased profits. ■

THE MOST PROFITABLE HARD PARTS

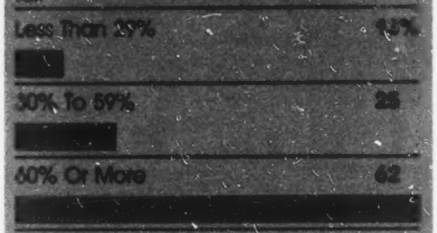
We asked retailers to list the three most profitable hard parts. Here are the ones they listed.



Source: 1990 *Automotive Marketing* Retail Panel
Equals more than 100% due to multiple answers.

HARD PARTS & DIY SALES

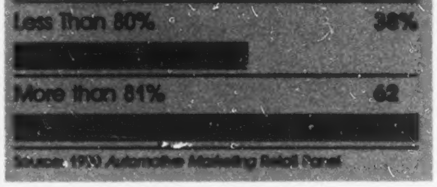
We asked retailers what percent of their total hard part sales DIYers accounted for.



Source: 1990 *Automotive Marketing* Retail Panel

HARD PARTS COVERAGE

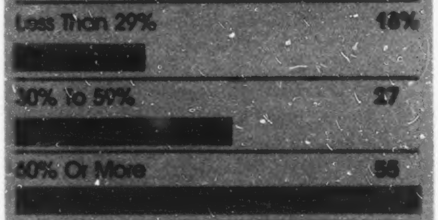
We asked retailers what the percentage of hard part coverage they stocked.



Source: 1990 *Automotive Marketing* Retail Panel

HARD PARTS & DOLLAR SALES

We asked retailers what percent of their dollar sales hard parts accounted for.



Source: 1990 *Automotive Marketing* Retail Panel

THE AUTOMOTIVE HARD PART LINEUP

Here is a list of some of the most popular automotive hard parts sold in retail stores. We've included almost every part a DIYer might bolt on to a vehicle.

Air Filters
Belts
Brakes
Brake Parts
Carburetor Parts
Catalytic Converters
Cooling System Parts
CV Joints
Electrical Parts
Exhaust System Pipes
Fuel Injections
Fuel Pumps
Hoses
Ignition
Mufflers
Oil Filters
Ride Control Parts
Shocks
Struts
Suspension Parts
Remanufactured Parts

REGIONAL MARKETS: A LOOK AT DESERT WEST

by **Stephen Futej,** Editorial Intern

The area we call Desert West has many distinguishing characteristics. The allure of growing job opportunities and attractive lifestyles sparked a mass migration of young adults to the Desert West states, and as a result, these states can claim some of the highest growth rates in America. Nevada leads all states with a growth rate of 64%. There is also a large Native American population in this area; in fact, 27% of all Native Americans live in Desert West.

In spite of the recent immigrations, the Desert West states are still sparsely populated. People who live in this area have a strong sense of personal freedom, and many residents own light trucks or recreational vehicles to demonstrate this lifestyle and to enjoy the open spaces around them.

Desert West is one of the largest geographical regions in America. The majority of the population is located in rural areas, and there are large distances between urban areas, so a car is essential to most households. In fact, Desert West dominates two automobile saturation statistics: vehicles per 1,000 population (Casper, WY, with 729) and vehicles per household (Casper is second with 1.96).

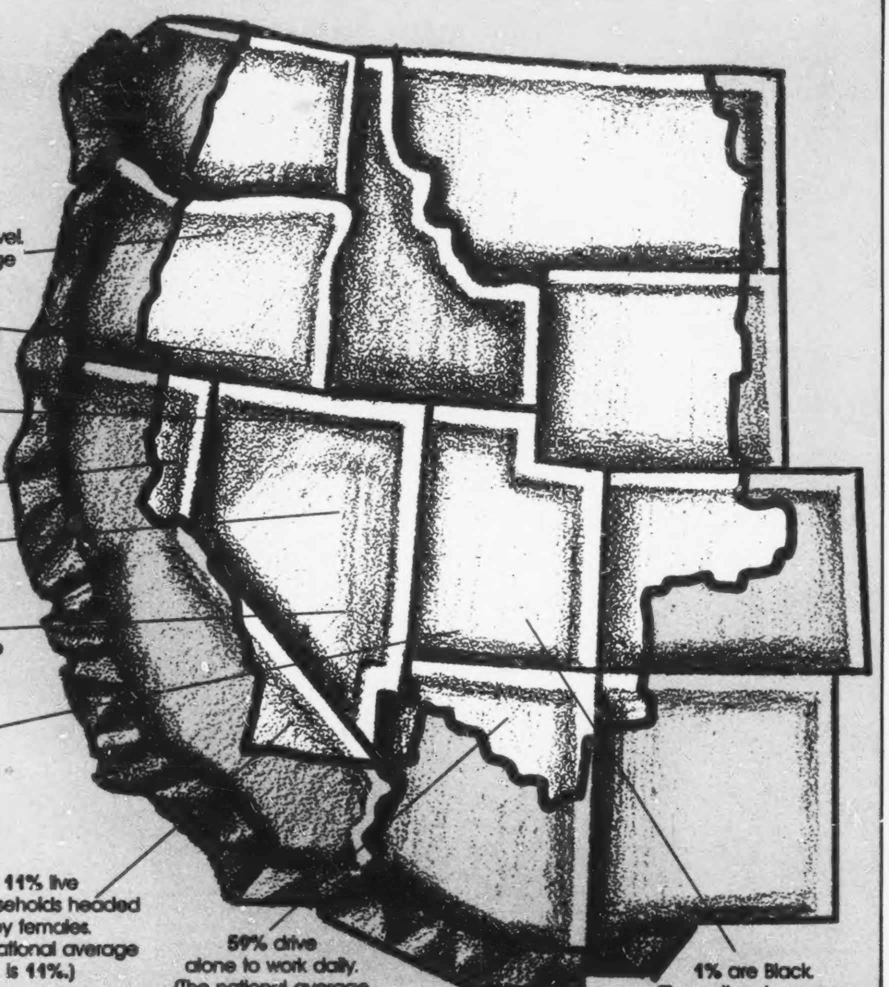
This is a region of stark and interesting contrasts. For instance, Desert West includes both Utah, home to most of the Mormon population and a leader in traditional life styles, and its next door neighbor Nevada, which houses the largest gambling city in America.

Sales figures for domestic cars are more than double the sales figures for imports, yet Washington, Oregon, and California are among the national leaders in percentage of import vehicle owned.

Weather ranges from one extreme to the other. Most Desert West areas enjoy warm summer temperatures, but in general the winters bring a harsh freeze to the region, including large sections of Arizona and New Mexico. Tremendous temperature swings guarantee a consistent market for automotive service and retail stores. There is a greater demand for batteries, cooling system parts, and replacement auto body parts than in more temperate regions. The severity and length of the winter also reduces the amount of warm weather in which DIYers are able to work.

The Desert West population distribution presents another challenge. Most retail chains shy away from moving into the region for fear that the sparse population will keep these locations from becoming profitable. Such an attitude allows independent retailers to thrive in these rural regions. ■

Of The People In Desert West:



15% live below the poverty level. (The national average is 12%.)

15% are college graduates. (The national average is 16%.)

58% are between 18 and 65 years old. (The national average is 61%.)

5% are Hispanic. (The national average is 7%.)

59% drive alone to work each day. (The national average is 65%.)

72% are high school graduates. (The national average is 67%.)

87% are White. (The national average is 83%.)

57.9% of individuals in DESERT WEST who are responsible for vehicle maintenance do some sort of DIY work on that vehicle.

11% live in households headed by females. (The national average is 11%.)

59% drive alone to work daily. (The national average is 65%.)

1% are Black. (The national average is 12%.)

THIS SPECIAL SECTION IS SPONSORED BY HAYDEN INC., CORONA, CA

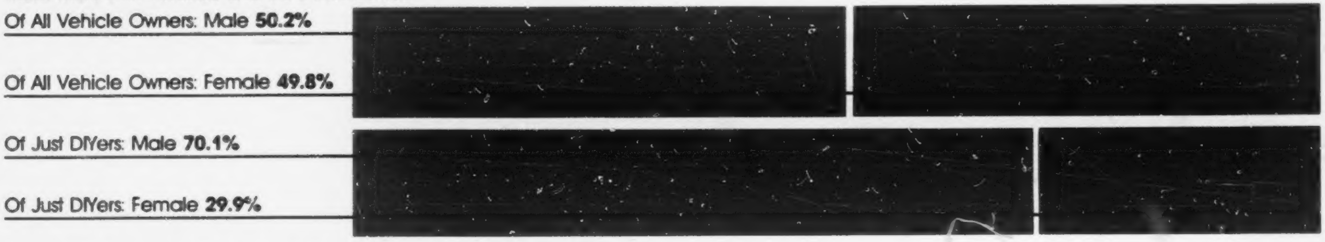
In all, 58% of those who live in Desert West and are responsible for taking care of a motor vehicle do some maintenance work on their own. Another 4% aren't actually responsible for maintaining a vehicle, yet also do-it-themselves.

About 10% of the Desert West DIYers shop for automotive parts, chemicals, and accessories about four times a year. Another 10% shop an amazing 30 or more times a year. Around 9% shop twice a year, obviously for seasonal maintenance efforts. Many DIYers in this region shop monthly.

Generally, DIYers in Desert West have either maintained or increased the level of their DIY work in the past five years. An impressive 85% told us this is true. Another 22% of them expect the amount of their DIY work to increase in the future, as well.

DESERT WEST: GENDER

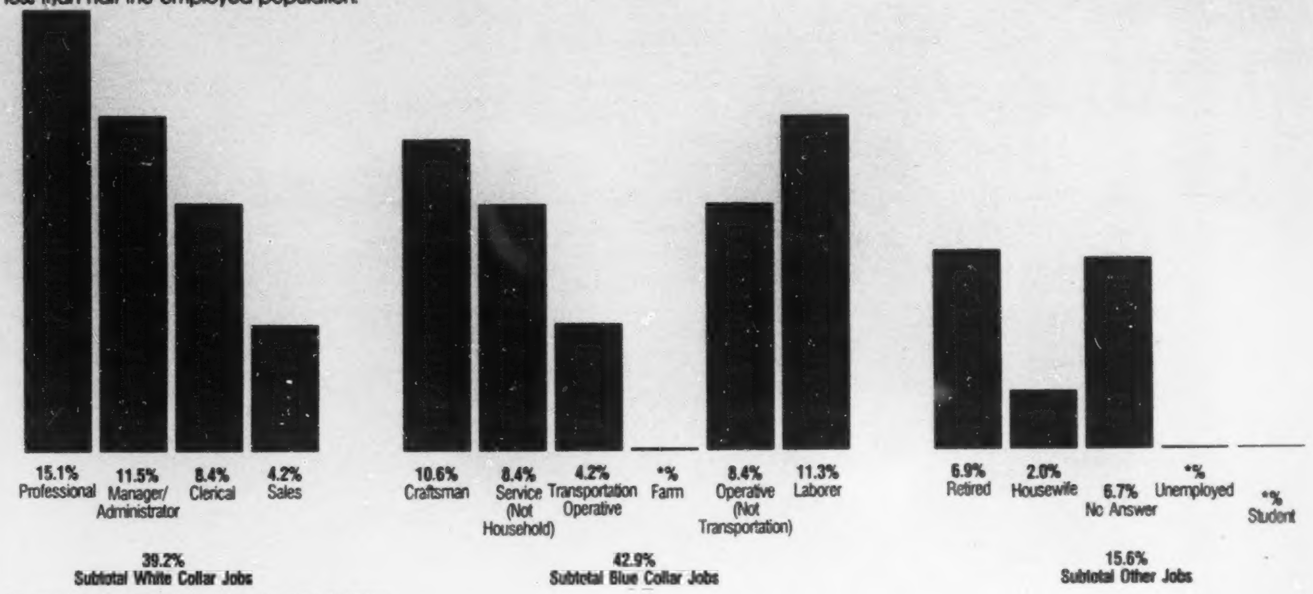
More men own vehicles and do-it-themselves.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

DESERT WEST: DIYERS & THEIR PROFESSIONS

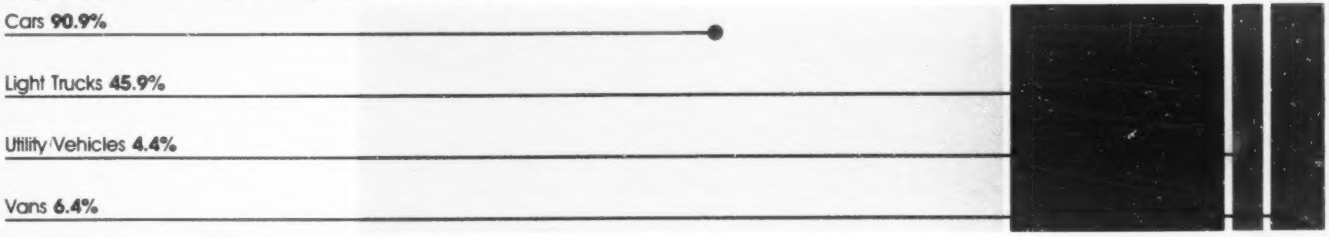
A higher number of laborers, operatives, and service workers in the area than in other areas has helped keep the growing white collar professions to less than half the employed population.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Percentage too small to accurately compute.

DESERT WEST: DIYER VEHICLE TYPES

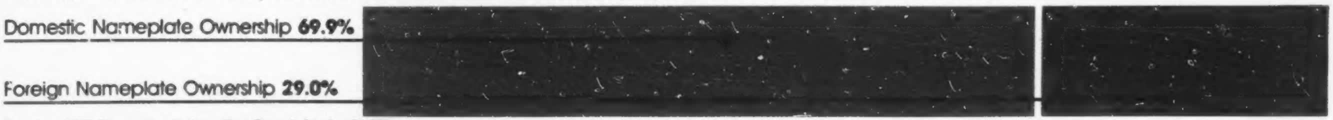
A light truck can be found in nearly half of the households in which a vehicle is owned and in which a DIYer lives.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

DESERT WEST: DIYERS & THE VEHICLES THEY OWN

Of DESERT WEST DIYers, many more own a vehicle with a domestic nameplate than own a vehicle with a foreign nameplate.



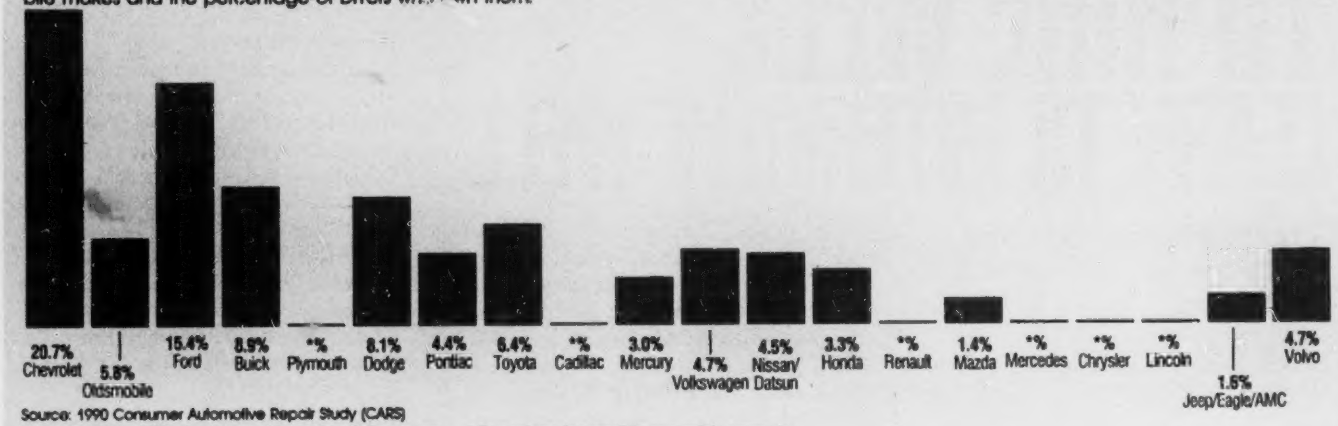
Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

When they were asked how much they enjoy automotive DIY work, 35% said they enjoy doing automotive DIY work a lot and another 38% said they enjoy it somewhat. The others either enjoy DIY work "not too much," 11%, or "not at all," 14%.

What sort of automotive DIY tasks would they like to learn to handle? The the most named task was doing tune-ups, with 11% of Desert West DIYer wanting to learn to do them. Another 10% want to know how to do body work jobs. However, 35%, the largest single group, didn't want to learn to do any new jobs. ■

DESERT WEST: DIYERS & THEIR VEHICLES

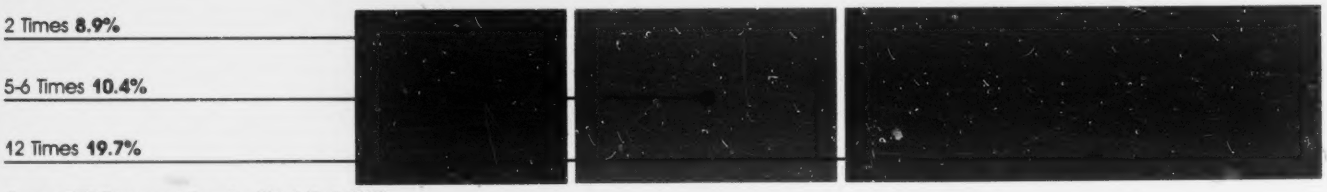
Chevrolet has the largest market share in Desert West; one of every five vehicles in the region are Chevy's. Here's a list of the most popular automobile makes and the percentage of DIYers who own them.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Percentage too small to accurately compute.

DESERT WEST: SHOPPING FREQUENCIES

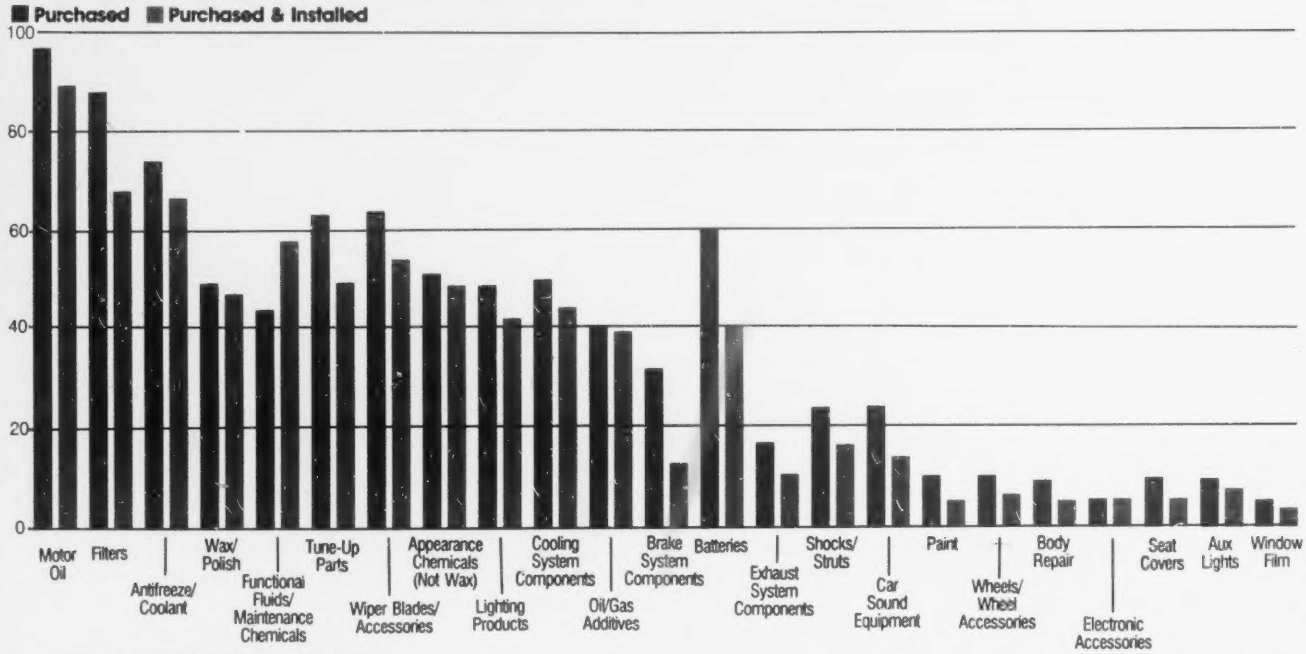
Of DESERT WEST DIYers, almost 20% of them shop for automotive products monthly. Here are the three major shopping frequencies.



Source: 1990 Consumer Automotive Repair Study (CARS)
Does not total to 100% due to omitted responses

DESERT WEST: DIYERS & AUTOMOTIVE PRODUCTS

The easier the product is to install, the more DIYers do-it-themselves.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Percentage too small to accurately compute.

Your Information Source For The Automotive Aftermarket

JUNE 1990

The Aftermarket's Just Desserts

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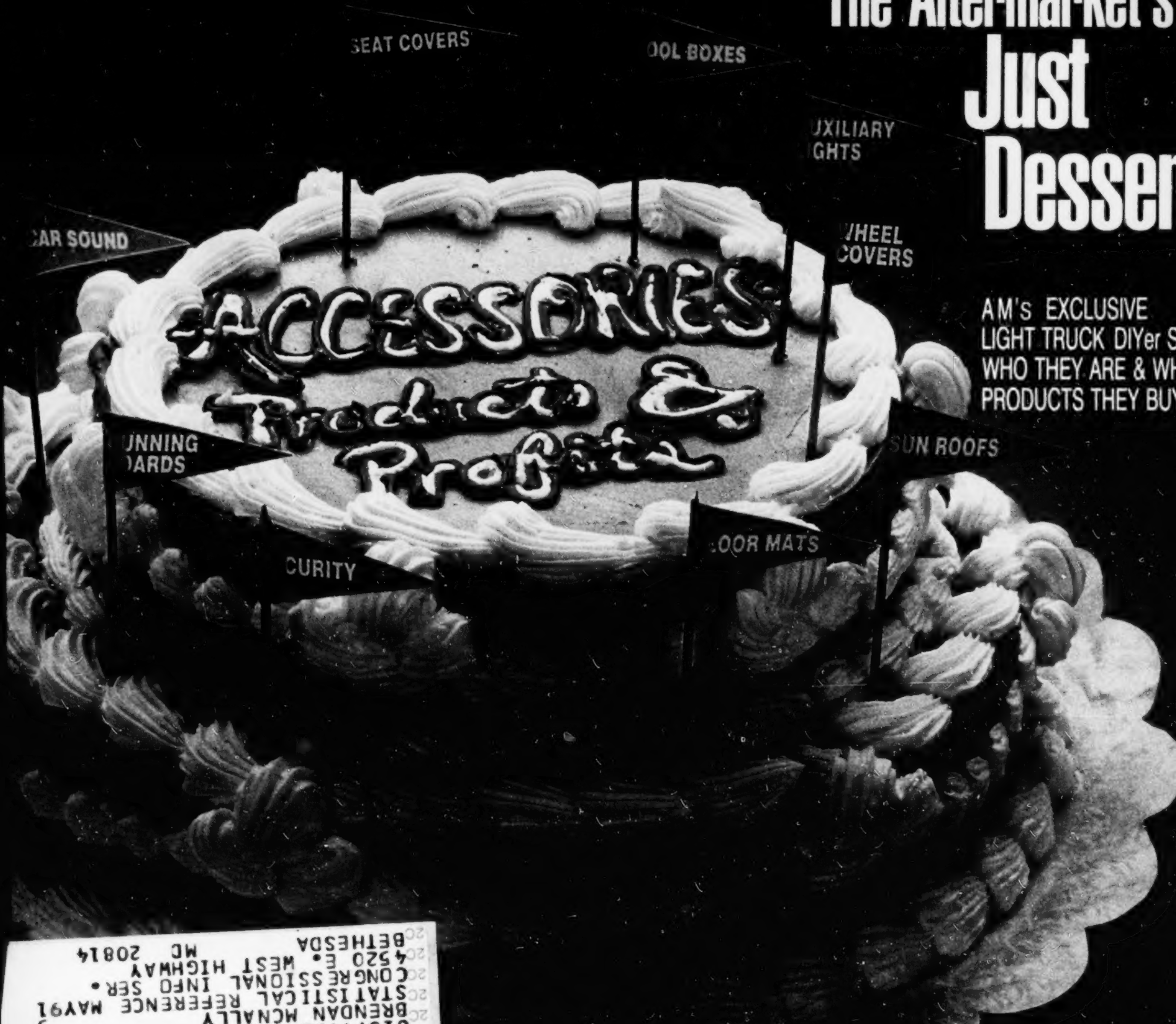
LIGHT TRUCK DIYer STUDY
WHO THEY ARE & WHAT
PRODUCTS THEY BUY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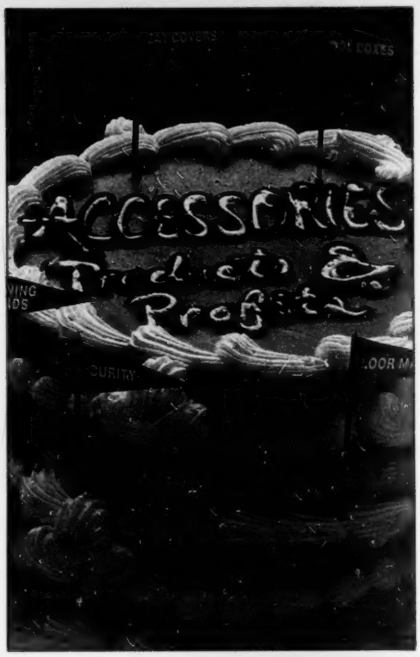
June Issue/Volume 19, Number 6



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Accessories:
The Aftermarket's Just Deserts 25
Accessories are "feel good" products. Like rich deserts, consumers buy them simply because they want them, not because they need them.

The Light Truck DIYer: A Breed Apart 30
Male baby-boomers like their light trucks, vans, and utility vehicles. And, they buy lots of products to personalize them.

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MARKET LINE

Big "I" & Sema/AI Shows To Run Concurrently At "Industry Week" In Las Vegas In 1992

Starting in November 1992, the Big "I" show and the SEMA/AI show will be held simultaneously in Las Vegas.

The Big "I" is sponsored by the Automotive Service Industry Association (ASIA) and the Motor Equipment Manufacturers Association (MEMA), while the SEMA/AI show is sponsored by the Specialty Equipment Market Association (SEMA) and Automotive Internacional Association (AIA).

In addition to linking the Big "I" and SEMA Shows, the associations announced that starting in April 1992, the SEMA East and Big "E" Shows would be held side-by-side each year. The first will be held April 7-9 in Atlanta. In February 1993, the joint eastern shows will move to Chicago, and set up in Atlantic City, NJ, in April 1994.

Changes Outlined

The changes were announced at a press conference in Las Vegas on May 10. Speaking were John Riess, chairman of the Big "I" Show Joint Operating Committee and group vice president/marketing for the Gates Rubber Co., Denver; ASIA chairman Gene Gardner, director of planning, quality and productivity for E.I. duPont deNemours & Co., Wilmington, DE; and SEMA chairman Michael Warn, CEO of Warn Industries, Milwaukie, OR.

"Our three organizations have agreed to designate the week of November 16, 1992 'Automotive Aftermarket Industry Week'," Riess said. "Aftermarket Industry Week, sponsored by our three associations, will provide the umbrella for the largest annual exhibit of aftermarket products ever held in the United States."

Riess projected 2,000 exhibitors and 25,000 buyers shopping the Shows with total attendance close to 60,000. Plans call for the SEMA/AI Show to remain at the Las Vegas Convention Center and the Big "I" Show to occupy the new Sands Expo and Convention Center.

Riess stressed that the two shows would be "entirely separate shows. But there will be only one registration and badge needed for both shows. And we will run all day transportation between the two shows."

Show policies will be established and managed by a Automotive Aftermarket Industry Week Joint Operating Committee to be set up by ASIA, MEMA, and

APAA Replies

Autmotive Parts and Accessories Association (APAA) president Julian C. Morris said that all parties involved in the decision announced in Las Vegas had taken an important step. "Exhibitors and buyers throughout the industry are likely to make strategic marketing decisions based on contemporary business conditions that are going to require some reassessment and certainly the utmost flexibility," he said.

However, Morris added that the APAA board had not yet met to discuss the side-by-side shows. ■

1992-1995 INDUSTRY SHOW SCHEDULE

The announcement of side-by-side shows by Big 'I' and SEMA makes the show schedule for 1992-1995 look like this:

Date	Show	Location
April 7-9, 1992	ASIA/MEMA/ SEMA-AI	Atlanta
Oct. 1-4, 1992	APAA	Chicago
Nov. 18-20, 1992	MEMA/ASIA SEMA-AI	Las Vegas
Feb. 23-25, 1993	ASIA/MEMA SEMA-AI	Chicago
Oct. 18-21, 1993	APAA	Chicago
Nov. 17-19, 1993	MEMA/ASIA SEMA-AI	Las Vegas
April 19-21, 1994	ASIS/SEMA-AI MEMA	Atlantic City
Oct. 17-20, 1994	APAA	Chicago
Nov. 16-18, 1994	SEMA-AI/ASIA MEMA	Las Vegas

The Wax Market: Clear Coats, Competitors & Growth

According to Chuck Tornabene, senior vice president/general manager for consumer products, Turtle Wax, Chicago, the long-time leading wax supplier, "The biggest change in the wax market is that the category has changed from a competition standpoint. But Turtle Wax still remains dominant."

The major change in competition Tornabene refers to is the entrance of Armor All, Irvine, CA, with its own wax products in 1988. And, in 1989, Armor All bought Borden (including Rain Dance). Today, Turtle Wax and Armor All dominate the market.

Armor All's marketing manager Rick Manoogian believes, "The wax market is going through a real consolidation, down to a few key players. Although there will always be specialty marketers, there will only be three or four major players in the business."

Tornabene agrees with this assessment. "Without naming any names," he told us, "what you're going to see happen, is smaller manufacturers' brands will fall by the wayside in the next few years. The field is going to narrow down."

Armor All Changes The Game

Armor All capitalized on its success in the protectant category in selling its waxes. The company spent about $5 million in advertising the first year, and as Manoogian noted, "We've seen a category growth factor. Our tracking studies show it's due to spending on advertising. And, because we spent, others did too."

According to A.C. Nielson, New York, the wax market was up 6% in 1988 and up 9% in 1989. Estimates from the suppliers we spoke with put the market in the $180-$200 million range at retail.

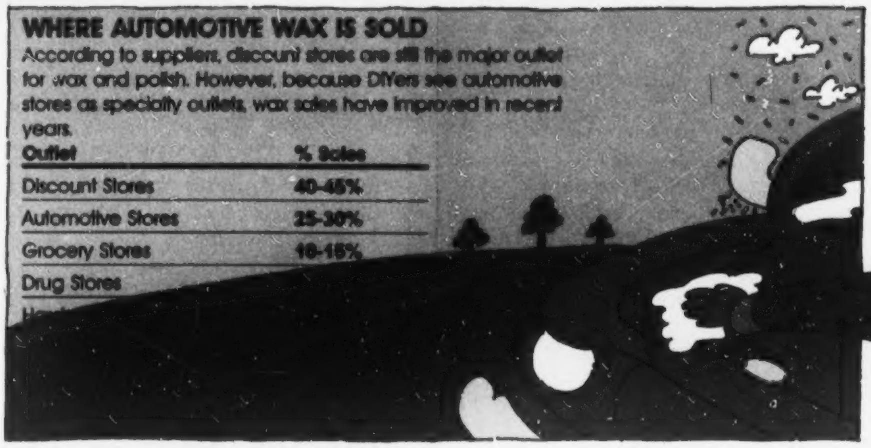
Tornabene agreed that Armor All's entry has been positive for the market. "Advertising has increased substantially. We've supported the category for years, and the competition has spent a lot of money recently. The effect has been positive; there's been some growth in the category. The market had been fairly flat for some time; now there's some increase in unit sales. There's an opportunity to grow the market," he said.

Tornabene believes about 45% of car owners wax their cars regularly. Although several other suppliers put the percentage a bit higher, there's a general consensus that no more than half of vehicle owners are regular waxers. Even in *Automotive Marketing's* latest *Consumer Automotive Repair Study (CARS)*, which is confined to DIYers, just 62% of DIYers purchased and applied wax.

Clear Coats As Market Factors

DIYers who wax their cars regularly tend to be brand loyal. So, in spite of a steady parade of new products and new names in the category, Turtle Wax Hard Shell and Rain Dance (under three separate owners) have remained the number one and two best sellers since the early 1980s. While this might seem discouraging to the smaller brands, there are new market influences that might shift loyalties.

One is the extensive use of clear coat paints by OE carmakers. J.D. Culea, president, Kit Products division of Northern Labs, Manitowoc, WI, said suppliers are in the interesting position of spending money to tell customers not to use the wax they've been using for years and years; that the traditional wax will not work on their new car; that the traditional wax will actually ruin the paint on the new car. Culea calls this, "anti-category advertising. It's a whole new area of concern for the DIYer and the supplier. If they pick the wrong wax, they can ruin their new car."



WHERE AUTOMOTIVE WAX IS SOLD

According to suppliers, discount stores are still the major outlet for wax and polish. However, because DIYers see automotive stores as specialty outlets, wax sales have improved in recent years.

Outlet	% Sales
Discount Stores	40-45%
Automotive Stores	25-30%
Grocery Stores	10-15%
Drug Stores	

Mel Miller, director of marketing at Meguiar's, Irvine, CA, agrees. "There's a rapidly changing technology in car wax and polish because of things like clear coats and pollution such as acid rain. These require consumer knowledge of maintenance finishes." Meguiar's, long known for non-abrasive wax technoogy, provides a car care finish guide that allows consumers to match their car's finish to a three or four step maintenance guide.

Miller said clear coats were nothing new to Meguiar's: "We sell our heritage. Our heritage is in professional trade work with OEs. Working with car makers allows us to develop new products as rapidly as new finishes are devised."

But while wax suppliers improve their technologies, Culea pointed out, clear coats are being sold as permanently polished by OE dealers. "New car dealers are increasing their awareness of clear coats as a selling point. Some dealers are telling their customers that there's no waxing ever needed on clear coats."

So between DIYers afraid of waxing their car, and DIYers being told they don't have to wax their car, Culea said, there might easily be a negative affect on the market.

Product Efficiency

At the same time suppliers must ensure that DIYers use the correct wax, they are also struggling to provide an effective wax. Mike Moshontz, president of Blue Coral, Cleveland, noted. "For every benefit, you have to give up something. Traditionally, products with no abrasives have been weak in the brilliance of the shine. Some smear. Some are hard to apply. The durability is not as good. You have problems providing products that fulfill the promise, products that do what they say."

All the major wax suppliers have spent time and money to reformulate their products to serve the roughly 30% of vehicles with clear coat finishes. However, the 70% of cars with traditional paint may be left behind. There is the potential for the proud owner of an older car to choose a reformulated wax and not get the result he's used to.

"A non-abrasive wax just doesn't clean as well," Julia Hobbie-Low, product manager Simoniz, First Brands Corp., Danbury, CT, said. "It doesn't do the full job." And so, Simoniz is adding a deep-cleaning car wax to service the larger market. "Clear coats have really segmented the market in a way that we didn't see before. We thought we'd address the larger segment although it's admittedly growing smaller all the time. But we wanted products to address all segments of the market."

The overall effect of new car finishes and new wax formulas on the market will not be clear for several years. But, Moshontz said, "A wax is on trial every time it's used. If it doesn't perform as well as expected, people will try other brands. So it may be easier to change brand loyalties in the future."

Top Two

Although Hard Shell is still its leader, Turtle Wax has always been innovative with new products, and probably has more SKUs than any supplier. "Strategically, we try to cover all the bases," Tornabene said. "Customers differ in attitude, and we want to satisfy all needs.

"There's been a real increase in women waxers lately," Tornabene said while discussing demographics. "They account for a sizable segment, it's maybe 40% in some cases. So in developing our media plan, we're going to have to take women into consideration."

Tornabene also noted that the fall is becoming more important in wax sales. "We strongly encourage retailers to capitalize on this opportunity. We have the programs in place."

Among Turtle's new products for 1990 are a wax specially formulated for brand-new cars, and Turtle Wax Plus, a high-end ($5-$7) wax formulated to last as long as a wax possibly can.

Armor All is not cutting back its aggressive campaign, both for Armor All and newly acquired Rain Dance. "This year we plan to advertise our brands just as heavily as we have for the past two years," Manoogian said. "Remember, we've only been in the business for two years and we feel we're at the category leadership already."

Manoogian feels the shelves are filled with too many SKUs. "There are just too many products fragmenting retailer's shelf space. I think retailers should examine their shelves and see if the brands they carry are the ones really moving the category. Are the brands investing in and supporting the category?"

Armor All offers three brands at three price points. Rain Dance at the top of the line ($6-$7), Armor All in the middle ($4-$5), and Rally for the price conscious shopper ($3-$4). "We feel the brand strategy is the direction we want to go. Our goal is to be the number one supplier with a family of brands. It won't be through proliferating SKUs. We won't force new SKUs on the retailer. It will be through our presence and continuing to grow the SKUs we have."

Behind Turtle Wax and Armor All, several companies jockey for market shares.

Simoniz emphasizes the total appearance chemical business. "There's an opportunity in the *appearance* category," Hobbie-Low said. "We can capitalize on add-on sales. Do the whole thing: washes, waxes, cleaners, protectants at one time. Take care of all your car's needs. There's an advantage we have, we've got all the products."

Hobbie-Low conceded that Simoniz has never reclaimed its success of the 1950s when Simoniz was almost a verb rather than a noun. "It's been footballed around by several companies with no real constant support." But, she said, she thinks stronger support will come through First Brands which already has market leaders in STP and Prestone. "It's one of our objectives."

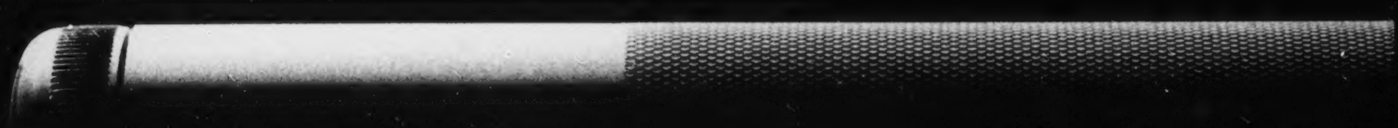
A Big Surprise

The surprise of 1989 was Nu-Finish, a wax manufactured by Reed Union, Chicago. Competitors credit its success to a rave review by *Consumer Reports* in June 1988. The magazine rated both paste and liquid versions of Nu-Finish highest of 30 waxes tested. (For the record, Blue Poly Paste, Mequiar's Paste, and Rain Dance Liquid were rated just a shade behind Nu-Finish).

"People are speaking to us like we're movie stars suddenly," Nu-Finish product manager Steve Hopkins said. "It's not a gimmick. It's just word of mouth. We're in Wal-Mart, we're in K mart, we're already getting bigger. Most competitors think consumers are just not intelligent. Our basic message is we're giving the consumer what he asks for. No rebates, no gimmicks, no promotions. We're a dull company, but we shine in certain areas."

Blue Coral, like Armor All, runs a three brand program. Westley's at the low-end and Blue Coral in the middle.

IT MOVES AT THE



Lately, it seems the number of people buying rugged, reliable Mag-Lite® flashlights for use in their cars has been accelerating like crazy.

For good reason. Mag-Lite® sales are being fueled with a multi-million dollar advertising campaign. And with the demand for quality becoming a major factor among consumers in automotive accessory purchases, there's no sign Mag-Lite® will be slowing down any time soon.

Performance in the retail marketplace is just

But it's on top that Blue Coral stands out. Its top-of-the-line Blue Poly is still one of the better selling waxes at $7-$10. As a result, Moshontz admits that while his unit share is low, his dollar share is much better. "And you can't take units to the bank," Moshontz said. Blue Coral has very strong sales in other appearance products and recently purchased the Krylon paint business from Borden's.

Other Players

Kit Products is introducing a premium wax that, Culea said, "will sell at about $10-$12. It uses a West German formulation that uses the best ingredients that we are aware of. It's geared for the enthusiast who wants the very best."

Culea conceded the small brands have a tough road ahead. But he said, "Considering the situation: a stable market, shrinking shelves, and more competition, in light of all that, I'm very pleased to be where we are. I'm not concerned about the short term."

There is also Mothers Polish, Huntington Beach, CA, a good, solid competitor for the car enthusiast's business. Mothers sells well in performance shops. And, 1989 saw the entrance of Reggie's Wax, Costa Mesa, CA, started by ex-baseball all-star Reggie Jackson. Although it's too early to call the relative positioning of Reggie's Wax, this company is aggressively pursuing the retail segment.

While the wax market has shown better-than-expected growth in recent years, the major suppliers all plan extra efforts in add-on sales this year, particularly in car washes.

Turtle Wax's Tornabene noted that car washes are a $100 million market that is still undeveloped. Armor All's Manoogian believes that only a third of all car washers are using a car wash. Most use household detergents. Car wash products have the advantage of potential weekly use while only a very few people wax their cars more than once a year.

Finally, when all is said and done, Blue Coral's Moshontz gave the simplest explanation of success and failure in the wax market. "As long as people are proud of their car, they'll wax it. But the business is dependent on Mother Nature. If you have a lot of rainy weekends, you'll have a difficult year, if it's sunny most weekends, you'll have a successful year." ■

Clean Air Bill Good For Our Side, So Far

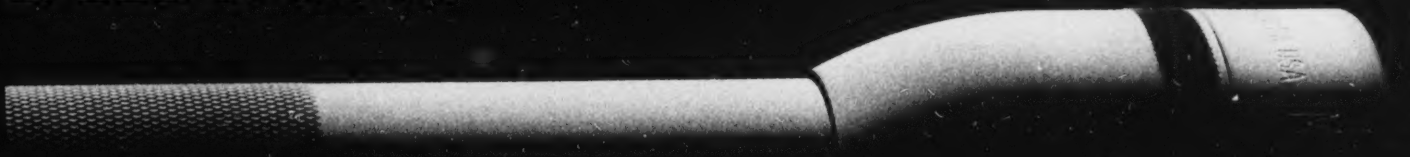
After two years of struggle, Congress is finally close to passing a bill revising the Clean Air Act. Two provisions of the proposed new law could have a major impact on the aftermarket. One is the requirement for on-board diagnostic equipment and the other is the requirement for emissions parts warranties. On both issues, it appears that the aftermarket is getting almost everything it wanted in the final joint bill.

The Senate passed its version of the bill on April 3. At press time, the House Bill had left Committee hearings and was expected to be passed in May with a joint House/Senate Bill to follow. Congressional leaders have targeted June 15 for the presidential signing.

Emissions Diagnostic System

A provision in the Senate Bill (S.1630) requires the OE manufacturers to design and install an on-board emission diagnos-

SPEED OF LIGHT.



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Waxman's stance on the warranty, "The 8/80 forces the manufacturers to produce high-quality major emissions parts which are essential to the regulation of low-level emissions vehicles. In this regard, there is a very real environmental benefit. We also feel that we owe the consumers something. After all, we are rolling back the general parts warranty to 2/24, so we feel they deserve something in return."

Of course, the 8/80 warranty does not help the aftermarket, but Schiliro explained that Waxman is fighting in the interest of three groups (aftermarket, consumer, and environmentalist) and cannot afford to alienate any of them. In the overall picture, this concession does the least damage to the aftermarket.

Don Randall, president of ASA, believes that the 8/80 will eventually be included in Clean Air. "Waxman will consolidate his position with other congressmen when H.R.3030 comes to the House floor," he said. "Either he or one of his allies will introduce an 8/80 amendment, and it will likely be passed."

The Senate Bill also forces automakers to inform the motorist of the right to choose maintenance and parts service for their vehicle by spelling out the law in the first page of the owners' manual.

Other provisions clarify anti-tampering laws and strengthen inspection and maintenance requirements. A stronger inspection program would reduce the number of older cars on the road. Some 36% of cars in use are ten-years-old or older, and one Environmental Protection Agency (EPA) study found these cars account for 69% of the hydrocarbons and 75% of the carbon monoxide in the air.

Aftermarket To Gain

Schiliro said the automotive aftermarket is the only industry which stands to gain from the Clean Air revision. He sizes up the situation with a dose of cautious optimism, "This is the best shot they've ever had (at getting a favorable revision), but things could still change."

Randall echoes this attitude. He said, "The industry cannot rest yet. There is no guarantee these measures will still be in the final version of the bill. We have spent countless hours and dollars in lobbying, and we will continue to do so until the President signs this bill." ■

MARKET RESEARCH

There were 523,000 outlets that sold automotive products in the U.S. in 1989, according to the fourth edition of *The Retail Distribution of Automotive Products* study, published by the Automotive Parts & Accessories Association (APAA), Lanham, MD.

Accessories: How Big Is This Market?

By Edward L. Kaufman, Contributing Editor

Markets are how you define them. This is particularly true of the broad category of products that we in this business loosely define as "automotive accessories."

For example, using a narrow definition of "automotive accessories," the most recent Frost & Sullivan report on the total automotive aftermarket (published in spring 1989) came up with an estimate of nearly $5 billion in retail sales of accessories in 1988. The report predicts that that figure will rise past $6 billion by 1993.

Included in the Frost & Sullivan definition of accessories were: car sound, mobile air conditioners, cruise control, cellu-

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AUTOMOTIVE ACCESSORIES: A $7.6 BILLION MARKET

Here are our estimates of 1989 retail sales for five groups of accessories. We are indebted to Michael Burroughs, head of Burroughs & Associates, for his assistance in developing these estimates.

Type Of Accessory	Sales In $ Millions
Electrical/Electronic Items	4600
True Performance Items	500
Appearance Performance Items	1580
Appearance/Comfort/ Convenience Items	750
Fast Turn Impulse Items	200
TOTAL	7630

Our estimate of $200 million in sales for impulse items is conservative. Estimates of sales of appearance/comfort/convenience items range from $500 million to over $1 billion. Appearance performance items include custom wheels, a category of $400-to $600 million, and performance tires, a category with sales around $1 billion. True performance items include four types of products with sales exceeding $100 million: cam shafts, fuel systems, performance suspension, and performance suspension systems.

Source: Lindsey-Kaufman Co. & Burroughs & Associates

lar phones, electronic security devices, radar detectors, power accessories plus custom wheels and wheel accessories.

Five billion dollars is a lot of money and the accessories mentioned are important items, to be sure. But, it is indeed a very narrow definition. Not included in that definition are such important products as seat covers, floor mats, the whole range of accessories bought for light trucks (like bed liners, rails, running boards and pass-through windows); nor sun roofs, mirrors, wipers, sun shields, air fresheners and novelty accessories (like fuzzy dice).

An Endless List

The list of automotive accessory items appears to be endless. Which raises this question: how do stores monitor their accessory business when there are so many products to keep track of, let alone SKUs?

Practices vary and, significantly, they appear to be changing. A top executive of an East Coast chain said, "Formerly, we lumped all accessories together, the items for the performance and light truck markets together with car items like pin striping, graphics, mirrors, dual wipers in Euro colors and air fresheners.

"As accessories have become more important to us, we have restructured our business. Today we monitor five major categories of merchandise: hard parts; motor oil and chemicals; performance items, including chrome-plated parts as well as cams and headers; light truck items, including running boards; and accessories, the appearance items, seat covers, floor mats, change trays, litter baskets, car sound, radar detectors, air fresheners, graphics, etc."

In this case, the chain subdivided its accessories business by type of customer: performance, light truck, and other. Within these categories, this chain measures its progress in terms of shipments from its distribution centers (DCs) to its stores; and within stores it measures sales on a planogram basis: percent of total sales, total inventory, and investment.

Still, that leaves quite a lot of other items to monitor which vary greatly in size, price, turnover, and other characteristics. Some retailers group accessories according to apparent motivation of the consumer for buying the product. For ex-

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MARKET LINE

ample, appearance accessories, performance accessories, and comfort-and- convenience accessories. That's okay, but if you think about it, there can be multiple reasons for buying any one type of accessories. And in fact, the more you think about these varied motivations, the more effective you are likely to be in selling them.

With these points in mind, we offer for your use, and comments, a classification system in chart form which considers six sets of reasons your customers may have for buying an accessory. We also include a chart on our estimates of 1989 retail sales for five groups of accessories.

As you can see on our chart, one of the accessory categories, electrical/electronic items, accounts for the bulk of that $5 billion in sales discussion in Frost & Sullivan's 1989 report.

The category of true performance items include those parts which can actually affect the operating performance of a vehicle, make it go faster or handle turns better. These items are accessories only in the sense that they are not your standard replacement parts. To sell them, you have to be able to speak the language of performance enthusiasts. But if you can do that, you are also well prepared to reach the larger group of customers for "look fast" performance accessories, like custom wheels and high performance tires.

AUTOMOTIVE ACCESSORIES CLASSIFIED BY CONSUMER BUYING MOTIVATION

APPEARANCE/ PERFORMANCE ITEMS	APPEARANCE	CONVENIENCE	COMFORT/PLEASURE	PERFORMANCE HANDLING	SAFETY/SECURITY	IMPULSE NOVELTY
Wheel Covers	■	☐	☐	☐	☐	☐
Custom Wheels	■	☐	☐	■	☐	☐
Performance Tires	■	☐	☐	■	■	☐
Chrome Valve Covers	■	☐	☐	☐	☐	☐

Although often viewed as mainly appearance items, high performance tires and wheels can have a very positive affect on road handling ability. And, since these can represent a sale of upwards of $2,000 per vehicle, they have a very positive affect on your cash flow as well.

We have grouped under the heading of appearance/comfort/convenience interior accessories, like floor mats, seat covers, and exterior accessories such as sun roofs, roof racks, rails, running boards and bed liners. This type of grouping can be argued, and we'd appreciate your comments on it. What works best for you?

We have listed a few examples—but only a few—of the many types of impulse and novelty accessories on the market. Some retailers call this the "Allison category" after the broad line of inexpensive accessories made by the Allison Corp., Livingston, NJ. However, that company is also a major manufacturer of seat covers, cushions, car covers, wheel covers, jacks and air compressors.

At Allison, Saul Dennison estimates total industry sales of fast turn impulse accessories at $150-to-$250 million annually. "This is an ever-changing, but ever growing market. Some retailers devote 12-to-20-feet of space to impulse accessories. Trends in the market? Colors! 'Euro colors' like red, black and white dual wiper blades. Also mean colors—hot blues and pinks—in interior accessories."

No matter how you take its measure, the automotive accessories category is big and while fuzzy dice may be funny, the profits derived from this category are dead serious. ■

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The Aftermarket's Just Desserts

Accessories are "feel good" products. Like rich deserts, consumers buy them simply because they want them, not because they need them.

by **John Wirebach,**
Senior News & Features Editor

ACCESSORIES
Products &
Profits

Accessories are the high margin, high profit items in most retail stores. There's a lot of competition for the chemicals and commodity parts business, so margins in these categories are lower. And the more profitable hard parts sales often depend on customers' vehicles breaking down.

But unlike the chemicals that can help a vehicle's performance, or the hard parts that are absolutely essential to the well-being of the vehicle, many accessories are non-essential. People buy accessories because they want to buy them, not because they have to buy them.

That's one reason why accessories are so profitable; it's also the key factor in selling them. Selling accessories should be an easy job. What should be easier than selling something to someone who wants to buy it? Accessories are sold to suit the personal taste of consumers. Accessories make consumers feel good about their vehicles and themselves. Accessories are a fashion and lifestyle statement for vehicle owners.

Adding an accessory is one way consumers can personalize and customize their vehicle. While mass production cars and trucks look alike, accessories enable individuals to change vehicles to suit themselves. It allows the individual to say, "This is mine and no one else's."

On an elementary level, very few consumers want to be like the next guy. Although it's impossible to redesign all products for all people, consumers want the same product to be different. This means, "He has a sun shade and I want one too. But I want one that says something completely different."

Desire, Not Income, The Key

Some indication of how important individual desires are to sales can be seen clearly in the data from our latest *Consumer Automotive Repair Study (CARS)* in which we surveyed DIY consumer purchases of eight accessories.

You might expect that consumers with more income would buy more accessories. But that's not so, according to the *CARS* data. The percentage of households with annual incomes under $20,000 was 25%. Here's the ranked order of the accessories most frequently purchased by this group:

- Auxiliary Lights
- Window Film
- Wheels
- Seat Covers
- Car Sound
- Sun Shades
- Floor Mats
- Electronics

Except for high-ticket electronic accessories and floor mats, households with incomes of less than $20,000 bought accessories in proportion to their population. In some cases, they actually made up a larger proportion of buyers than their population.

At the other end of the scale, households with more than $40,000 annual income (28% of the survey) did not buy more accessories. The only category of accessories in which their percentage of purchases was significantly higher was electronics. Electronic accessories was this group's highest ranked purchase.

Ultimate Niche Markets

Because accessories are so personal, an item that's silly, unwanted, and worthless to one person is beautiful, prized, and almost priceless to another. For example, at the past few Specialty Equipment Market Association (SEMA) shows, we've seen more and more accessories in hot pinks, greens and blues, and other so-called neon colors, especially in light truck lines. As one manufacturer said of his line, "We expect to use those colors in the future. I shudder to think what it will look like. But that's what our light truck customers want."

We often speak about special and niche markets in *Automotive Marketing*. Well, accessories represent the ultimate niche market. Here again, our *CARS* data is useful. The survey suggests that for accessories sales, young people and females are important niche markets.

Consumers under 25-years-old made up 14% of the total survey population. However, in categories such as car sound, custom wheels, and auxiliary lights, this group made up about a quarter of all purchases, almost twice the percentage the population would indicate.

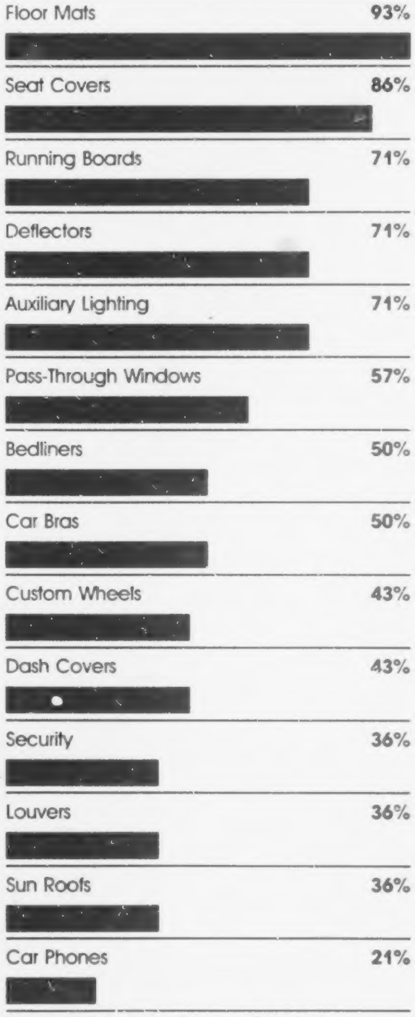
About 30% of the consumers on the *CARS* study were female. These consumers bought at significantly higher rates in such accessory categories as sun shades, floor mats, and seat covers. Ronald Jones, director of marketing at Tires, Wheels, Etc., a 10-store California operation, said customer surveys found that 38% of their customers were women.

Accessories sales promotions and advertising give retailers a chance to get these two demographic groups into their stores. But, be aware that the two groups are important buyers in different categories.

Selling accessories today requires effort, commitment, and focus. The key is variety and choice. Consumers comparison shop for accessories more than any other product, according to *CARS*. For example, in the high-ticket electronics and car sound categories, over 70% of purchasers comparison shopped before buying. In seat covers and custom wheels, the percentage of comparison shoppers was 59% and 56% respectively. Even in low-ticket, impulse item sales like sun shades, 27% of the *CARS* DIYers shopped around before buying.

WHAT ACCESSORIES DO RETAILERS STOCK?

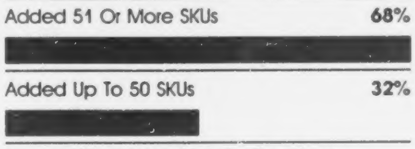
We questioned our Retail Panel about what lines of 15 popular accessories they presently stock.



Source: 1990 *Automotive Marketing* Retail Panel
Equals more than 100% due to multiple answers

ACCESSORY SKUS ADDED

We asked for a ballpark estimate of how many accessory SKUs our Retailer Panel members had added since 1985.



Source: 1990 *Automotive Marketing* Retail Panel

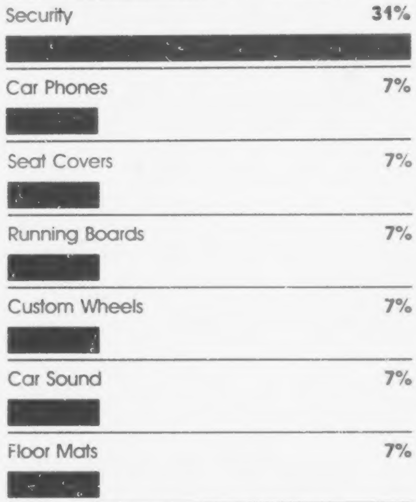
Rules For Success

You want to be certain your store is one that consumers are sure to consider when shopping for accessories. We can offer some suggestions for successful selling:

- Make an effort to provide the right selection of product, an investment in inventory to offer choices in SKUs.
- Make a commitment to display space, point-of-purchase materials, and proper sales help for the DIYer. Many accessories such as bedliners, custom wheels, louvers and the like require space to be seen. Customers can't buy what they can't see.
- Accessory sales are aided immensely if you can install the item for the customer. But even retailers without installation bays are successful. Denise Merry, regional sales manager for Dee Zee, Des Moines, IA, notes that 38% of running boards are sold and installed. While that means that 62% are sold DIY, it won't hurt to establish a close relationship with an installer.
- Focus on the potential customers for accessories in your area. Get close to your customers, get to know what accessories they want, and what accessories they might buy.

EXPANDING ACCESSORY CATEGORIES

We asked our Retailer Panel Members which accessory categories they thought they would have to be expaned over the next few years.



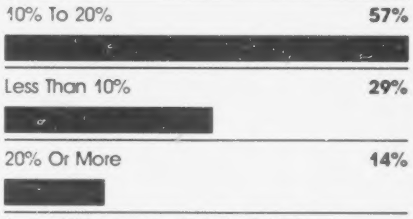
Source: 1990 *Automotive Marketing* Retail Panel
Equals more than 100% due to multiple answers

Keeping Up With Fads

In addition to these suggestions, stay alert to what's happening in accessories. Dennis McDonald, co-owner of Arcata Auto, Arcata, CA, said, "You absolutely need to be a trend setter to be successful. Customers come to expect to see new items first. One way is to hire salesman involved in aspects of automotive work."

ACCESSORIES & UNIT SALES

We asked our Retail Panel members what percent of their unit sales accessories accounted for.



Source: 1990 *Automotive Marketing* Retail Panel

For the last few years, it's seemed that everyone was snapping up signs that said "Baby On Board" or furry cats that stick to the side windows. These impulse items were sold as fast as retailers could stock them. Now, those fads have faded, but there will be more fads in the accessory business. There are few limits to the items consumers will buy to put on their vehicles if the product is appealing, useful, or just plain fun, and if the price is right.

One good piece of advice came from Klaus Hubrich, sales manager for Rancho Suspension, Long Beach, CA, talking about the hot colors so popular among young light truck owners. "You can't go by what you want or like. It has to be what the customer wants. Some 80% of the accessories sold at the SEMA Show are less than two-years-old."

The cardboard sun shade is an example of an accessory that's become a wild success. Whereas they're not high-ticket items, sun shades are a strong sellers in many color, design, and logo variations. We found that 23% of the DIYers in our 1990 *CARS* purchased a sun shade last year, making it the number one accessory (of nine) on the survey. Alert retailers got in on the category early, and profited.

A Case Study

In fact, low-priced sun shades are only the tip of a particularly interesting category that's sprung up recently. We call it the solar protection category since it began in the Sunbelt. In addition to sun shades that protect the interior while the car is parked, there's growing use of window film to block out the sun's rays all the time. And, there are dashboard covers, rear deck covers, visor extenders, and steering wheel covers – all accessories designed to protect the interior surfaces of a vehicle.

We asked several suppliers of dashboard covers why people buy them. "When the industry started in the Sunbelt – Arizona, California, Texas, New Mexico – they were bought for protection from the sun," Nari Grupta, vice president of sales at Dash King, Anaheim, CA, said. "And to cover up old faded and cracked dashboards. But more and more, it's to personalize and to give the dash a nice upholstered look."

CUTTING ACCESSORY CATEGORIES

We asked our Retail Panel members which accessory categories they thought they could safely cut back on over the next few years.

Category	%
Car Sound	21%
Pass-Through Windows	21%
Seat Covers	14%
None	14%
Wheel Covers	7%
Running Boards	7%
High-Performance Items	7%

Source: 1990 *Automotive Marketing* Retail Panel
Equals more than 100% due to multiple answers

According to Ralph Moher, marketing manager for Dash Designs, Phoenix, the category has continually improved. "The first ones were pretty basic. They were just a couple of pieces of carpet sewn together. But that kind of thing doesn't fly anymore. More and more, new car buyers use them to personalize their car. It's something that looks nice. Consumers demand a fit like a glove. Now, we use car-

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New...from DashMat, the nation's #1 dashboard cover... dynamic NEW packaging means more in-store sales...more impulse sales...more quick profits for you!

No need to lose even one more sale because your customer won't wait for delivery. From now on, you can actually keep DashMat's most popular models and colors in stock, and sell them right off your display shelf!

Colorful New DashMat box builds into a dynamic, high-impact display of DashMat's most popular models and colors. Just set it up and watch your DashMat profits soar!

Three-panel rotating display shows and sells DashMat, VelourMat and ValueMat! Features sample swatches of each product. Comes fully assembled... 18″ x 18″ x 18″...designed to fit comfortably on your display shelves. It's eye-catching, traffic-stopping, and as always, self-selling!

When DashMat first exploded on the scene in 1979, we wrote the book on dashboard product display. Now DashMat rewrites the book by raising display standards—and sales—to new heights! Choose any or all of these three stunning new sales aids...

Two-panel flat counter card features the original DashMat and luxurious VelourMat side by side, complete with colorful sample swatches. 18″ high x 28″ wide, it works on counter or shelf, with side panels for self-support. Or, hang it on the wall with pegs.

Single panel flat counter card sets off the power of ValueMat sales! Self-supported by side panels... 16″ high x 20″ wide...it's a sales booster on shelf or counter! Complete with attention-grabbing mini-dash and display swatch.

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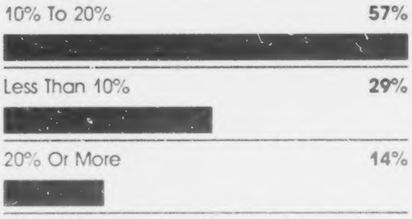
(Circle 17 on Product Information Card)

ACCESSORIES & DOLLAR SALES

We asked our Retail Panel members what percent of their dollar sales accessories accounted for.



Source: 1990 *Automotive Marketing* Retail Panel

peting and velour. The velour is a little more upscale look; the carpet is more rugged and durable."

The category is pretty simple for retailers. There's no inventory, no space in the warehouse, displays are free and phone calls are on an 800 line. "The best thing is, it takes no money to get involved," Brad Poston, president of DashMat, Phoenix, said. Since the covers are custom molded to fit particular models (suppliers claim applications total about 15-16,000), retailers usually only provide a display and sample along with instructions. They simply phone in a special order that's shipped in 24-48 hours.

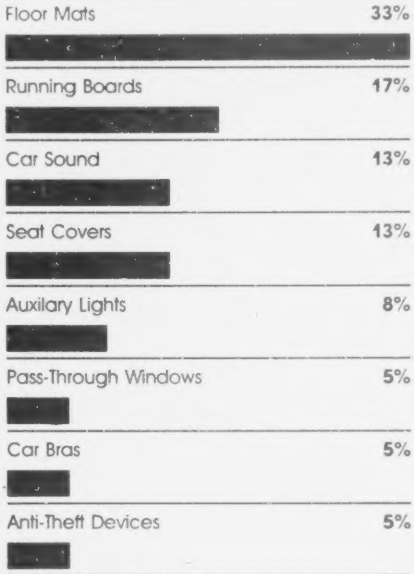
Still, while selling dashboard covers simple, suppliers agree that the *interested* retailer does better. Moher said, "A lot of sales are impulse sales. People don't particularly go in looking for a dashboard cover. A little suggestive selling helps a lot. Our display will get attention and if a consumer is remotely interested will get them asking questions. And clerks can make a sale. You need somebody interested to sell any accessory"

Poston noted that the top numbers were for Chevy and Ford full-size pickups. However, he added, "People are buying nicer cars now. And more of our sales are going to new cars. People are car-conscious; it's more expensive and they want to keep it longer and keep it in good shape."

Suppliers expect the market to be well over 750,000 units and in the $30-35 million range at retail this year.

THE MOST PROFITABLE ACCESSORIES

We asked our Retail Panel members to list the three most profitable accessories. Here are the ones they listed.



Source: 1990 *Automotive Marketing* Retail Panel
Equals more than 100% due to multiple answers

Fast Growth Rate

The growth of new categories such as dashboard covers is one reason why accessory sales have grown at a slightly faster rate than the general aftermarket recently. Lindsey-Kaufman Co., an aftermarket consulting firm in Tenefly, NJ, projected 1989 accessory sales at $9.5 billion, representing about 8.8% of a total $108 billion aftermarket. This is a step up from Lindsey-Kaufman's calculations in 1984, when accessory sales measured $6.6 billion or 7.5% of total sales.

According to president and *Automotive Marketing* Contributing Editor Edward L. Kaufman, car sound and automotive electronics make up the single largest category of accessory sales at some $4.6 billion. Performance sales are just behind at $1.58 billion. He predicts an overall growth rate in accessory sales of about 4.8%.

While these numbers reflect the entire aftermarket, the percentage of sales accounted for by accessories is about a quarter of all retail store sales, according to Lindsey-Kaufman.

Reasons For Growth

The growth in accessory sales has been fueled by three factors. First is the surging sales in performance products whether it be accessories that make a car go faster or just make the car look like it goes faster. The 1990 Specialty Equipment Market Association (SEMA) Market Study reports that engine parts, manifolds, carburetors and chrome dress-up items are four of the top five fastest growing specialty products sold retail.

However, performance tires and custom wheels are still the major items in performance dollar sales. As Matt Trebuchon, a store manager for Super Shops, one of the largest performance retailers, said, "People buy wheels and tires first when they get a new truck, or car. And that can be a $2,000 sale. It's just like a tennis shoe, price is secondary. They'll buy the most expensive wheel, just to make a statement."

The fifth item on the SEMA study's top five was light truck accessories of all kinds. And so, the second factor has been the explosion in light truck sales. About one in three vehicles sold today is a light truck of some kind. In fact, the best selling vehicle for the last seven years has been a Ford pick-up.

Is it any wonder retailers are adding special light truck accessory sections? Surveying our retail panel, we found that 71% stocked running boards, wind deflectors, and auxiliary lighting; 57% carried pass-through windows, and 50% stocked bedliners. Elsewhere in this issue we've devoted a special article to our most recent study of the light truck market.

The third factor is continual innovations by suppliers. Each year brings its new accessory. In recent years, Eurocolor wiper blades, antennas, and license plate holders have been in vogue. In fact, color coordinated accessories have become a key for retailers. We've already pointed out the strength of dash covers and window screens. The latest craze seems to be neon colored accessories of every shape and size. "Neons are hot in clothing, dresses and beachwear," one supplier said. "Now, we're seeing it spill over into bumpers, wheel covers, wipers or whatever. It's just another fashion statement."

So there you have it. Accessories are high profit, good sellers, but selling them requires some effort on your part. Go to it. ■

CHECKLIST FOR NEW ACCESSORIES

Here are some of the things to consider when examining a new line of accessories.

1 Number of SKUs
2 Price points
3 Promotions: frequency and timing
4 Advertising/Co-op support
5 Packaging/Instructions/POP
6 Staff training needed to sell
7 Amount of space needed for proper display
8 Type of display (gondola, pallet, floor, wall, dump, etc.)
9 Seasonal or year round item
10 Related item sales
11 Projections for current and future season
12 General forces that will influence sales
13 External forces that might influence sales (OE technologies, etc.)
14 Rational for adding or deleting SKUs

The Light Truck DIYer:

Male baby-boomers like their light trucks, vans, and utility vehicles.
And, they buy lots of products to personalize them.

A Breed Apart

by **P. Royall Katcher,**
Business Editor

Light truck, van, or utility vehicle owners are potentially among your best customers.

But, it's not always easy to know who makes up this important niche market or how to reach them. In response, *Automotive Marketing* has produced a nationally projectable study of light truck, van, and utility vehicle DIYers. And, what we learned may be just the thing you'll need to reach this market.

Generally, we found, light truck, van, and utility vehicle owners who do some sort of DIY work on their favorite vehicles are male baby-boomers who are fairly well heeled (over $30,000 in annual household income).

They like their trucks.

More than half of them who have more than one vehicle in the household use their truck as their primary vehicle. Another 6% uses a utility vehicle as the primary vehicle, while 7% depend on a van as the primary vehicle. Only 34% of those who can choose between a car and some other type of vehicle, think of their car as their primary vehicle.

And now, to specifics:

The Light Truck DIYer

Males tend to be light truck DIYers more than females. And, during the past year, a good 14% more males who are light truck DIYers bought some automotive products for their vehicle than did female light truck DIYers. In all, 10% more males than females bought one automotive product; 3% more bought two products; and 1% more even bought six products.

The big age group of light truck DIYers is from 25- to 44-years-old. In all, 57% of light truck DIYers fall into this category. Reflecting the national demographic trends, a slightly higher percentage of female light truck DIYers than male DIYers are in this age group.

In terms of either end of the age spectrum, less than 1% of light truck DIYers are under 18-years-old, while only 7% are over 65-years-old. Another 10% are aged between 18- and 24-years-old, the same percentage as light truck DIYers who are 55- 64-years-old.

Light truck DIYers tend to be well educated. A quarter of all light truck DIYers attended at least some college, while only a slightly smaller percentage graduated from a college or university. Interestingly, almost half the light truck DIYers who are high school graduates, but did not attend college, are in the 45-55-years-old bracket.

More male light truck DIYers, 71%, are married than female light truck DIYers, 61%. However, 7% more female light truck DIYers are widowed than male DIYers, 2%. And, 6% more female DIYers have never been married than male DIYers.

Almost a quarter of all light truck DIYers hold jobs that fall into the category of "craftsmen and kindred workers." Among males, it's almost 30% who hold those types of jobs. Another quarter of all light truck DIYers hold white collar jobs described as professional/technical/managers/administrators.

In all, 10% more women light truck DIYers fall into the household income category of $10,000 to $20,000 per year than male DIYers. But, 15% more female DIYers also fall into the over $50,000 per year household income category than do male DIYers. Most male light truck DIYers fall into the $20,000-$40,000 total household income category.

Finally, a quarter of those light truck DIYers who spend 11 hours a month on automotive DIY — serious DIYers — also enjoy a household annual income of over $50,000. Clearly, this well-heeled group is made up of people who look on their light truck, van, or utility vehicle as a hobby. They are prime candidates for sales of special light truck-type products.

Where They're From

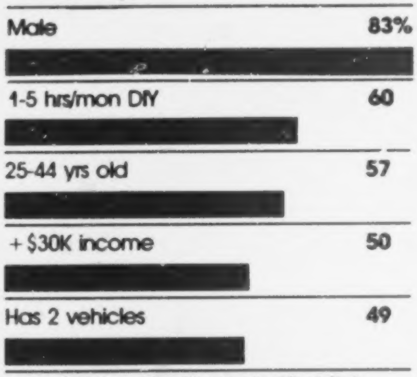
Light truck DIYers are found across the country, but some areas have more of them than others when compared to the car-owning population. We've divided the U.S. into natural marketing areas — based on such factors as geography, popular culture, weather, and history — and projected what percentages of light truck DIYers live in these areas.

- Old South, the Confederacy of 1861-65: 31%
- Grainbelt Central, the traditional Mid-

western plains states from Texas to Minnesota: 12%
- Spanish West, the areas of Arizona, New Mexico, Texas, and California heavily influenced by Hispanic culture: 11%
- Smokestack Central, the industralized Midwestern states such as Illinois, Indiana, and Ohio, 10%
- Greenbelt West, the Pacific Coast of northern California, Washington, and Oregon: 9%
- Smokestack East, the industralized mid-Atlantic states such as New York, New Jersey, and Pennsylvania: 9%
- Desert West, the empty area in the West that includes large parts of such states as Utah, Montana, and the Dakotas: 7%
- Greenbelt East, New England: 5%
- Megalopolis North, the urban belt from Washington, DC, to north of New York City: 5%
- Caribbean South, the tip of Florida: 1%

PROFILE OF THE "AVERAGE" LIGHT TRUCK DIYER

What are the characteristics of the "average" light truck, van, or utility vehicle DIYer in terms of gender, hours a month spent on automotive DIY work, age, household income, and number of vehicles responsible for?



Source: 1990 *Automotive Marketing* Light Truck DIY Study

AUXILIARY LIGHTS

Auxiliary lights were the second most purchased product for light trucks, vans, or utility vehicles, according to the DIYers with whom we spoke.

In all, 40% of them bought their auxiliary lights at auto stores, while a third went to discount stores to buy the product.

When asked why they bought where they did, most, 61%, mentioned price, while 30% looked for a convenient location. Another 20% looked for a wide range of auxiliary lights from which to choose. Only 3% bought the lowest quality possible.

Just over half shopped around for the best price. But, slightly more than half the DIYers who bought auxiliary lights bought the lights they thought were the best quality available.

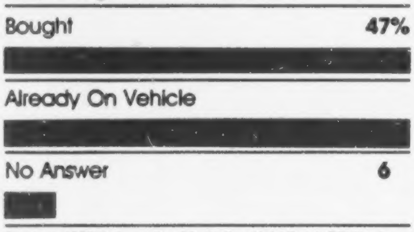
Auxiliary lights are clearly a DIY-type of product. Some 87% of all DIYers who bought these products also installed them themselves.

Of them, 42% did so to save money. However, a quarter of all DIYers who installed their own auxiliary lights did so because they enjoyed the job.

And, 93% said they'd be "very" or "somewhat" likely to install their own auxiliary lights again. ■

AUXILIARY LIGHTS: DEALER INSTALLED OR AFTERMARKET

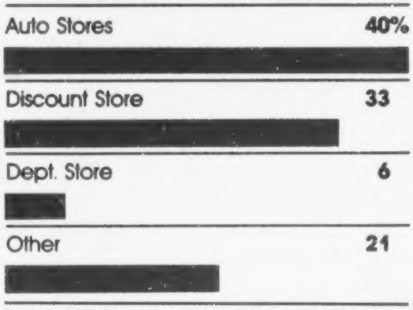
We asked the DIYers who owned light trucks, vans, or utility vehicles if their auxiliary lights came with the vehicle or they bought them afterwards.



Source: 1990 *Automotive Marketing* Light Truck DIY Study

WHERE DIYERS BOUGHT AUXILIARY LIGHTS

We asked the DIYers who owned light trucks, vans, or utility vehicles and bought auxiliary lights for their vehicles where they bought their auxiliary lights.



Source: 1990 *Automotive Marketing* Light Truck DIY Study

ANTI-THEFT DEVICES

Anti-theft devices appear as the eighth-highest purchased item among DIYers who own light trucks, vans, or utility vehicles.

Stores specializing in electronics, such as stereo stores, were the most popular places to buy security devices. But automotive stores were the second most mentioned type of place where DIYers buy anti-theft devices. When asked why they bought where they did, half mentioned the low price they paid. Almost a quarter looked for product selection, while 21% said it was a habit to buy where they did. Even so, only half shopped around for price before buying their anti-theft devices.

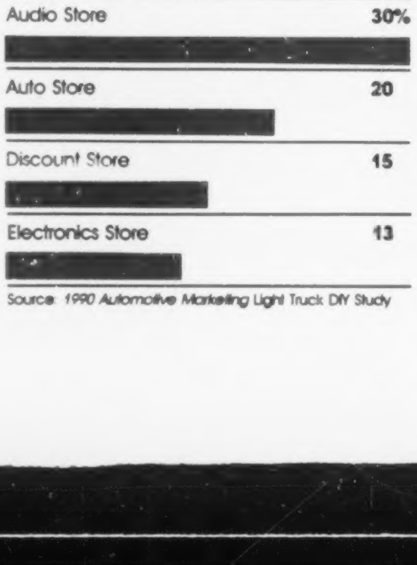
Most, 87%, bought what they consider to be "top of the line" anti-theft devices in terms of quality.

In all, 44%, of the DIYers who bought anti-theft devices installed them themselves. About half of those who did said they did it to save money. Another 38% said they did it because the job was easy, simple to do. And, 14% said they enjoyed doing it.

Therefore, it should come as no surprise that all the security device installers with whom we spoke, said they'd be either "very" or "somewhat" likely to install their own anti-theft devices themselves again. ■

WHERE DIYERS BOUGHT ANTI-THEFT DEVICES

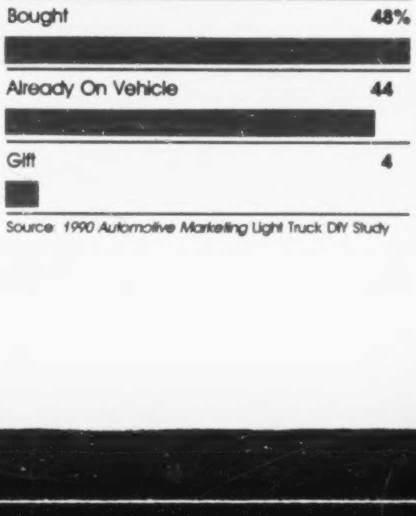
We asked the DIYers who owned light trucks, vans, or utility vehicles and bought anti-theft devices for their vehicles where they bought their anti-theft devices.



Source: 1990 *Automotive Marketing* Light Truck DIY Study

ANTI-THEFT DEVICES: DEALER INSTALLED OR AFTERMARKET

We asked the DIYers who owned light trucks, vans, or utility vehicles if their anti-theft devices came with the vehicle or they bought them afterwards.



Source: 1990 *Automotive Marketing* Light Truck DIY Study

Clearly, anyone doing business in Georgia, Alabama, Mississippi, East Texas, or the Carolinas ought to be seriously in the light truck, van, and utility vehicle parts and accessories trade. But, it's interesting that even 5% of light truck DIYers live in the heavily urbanized Megalopolis North area. Trucks just aren't for those old country roads anymore.

What Light Truck DIYers Do

A significant 40% of all light truck, van, or utility vehicle owners consider themselves "dedicated" DIYers – down-and-dirty DIYers who aren't afraid of replacing a radiator or transmission themselves. Another 38% said they're "medium" DIYers who don't shy away from oil changes or headlight replacements. Either type can install most light truck-type products, so they're good, potential customers.

On top of that confidence, light truck DIYers enjoy working on their favorite vehicles. In all, 41% said they like the work "somewhat," while a significant 26% said they like it "a lot."

Just over a third of them said they've increased the amount of automotive DIY work they've done over the past five years. Another 42% said the amount of this type of work has stayed the same over that period.

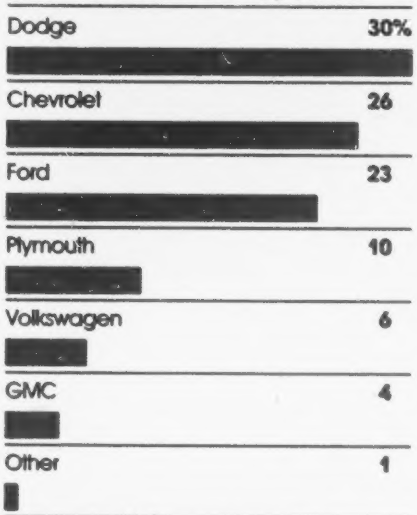
And, a quarter of them expect to do even more automotive DIY work in the future, while 60% think they'll be doing at least as much in the future as they do now.

This may explain why almost a third of all light truck DIYers said they know how to do all the automotive DIY jobs they want to know about. However, 13% of all of them said they'd like to learn how to do a tune-up. Also, 10% would like to be able to do body work on their light trucks, vans, or utility vehicles. Over half of them want to learn how to do this job from a friend or relative rather than from a professional service, such as a video or clinic.

They buy automotive products in automotive parts stores – at least 92% of them do. As well, 74% buy automotive products in discount stores; 40% in department stores; 39% in gas stations; 38% in

WHAT BRANDS OF VANS ARE OWNED

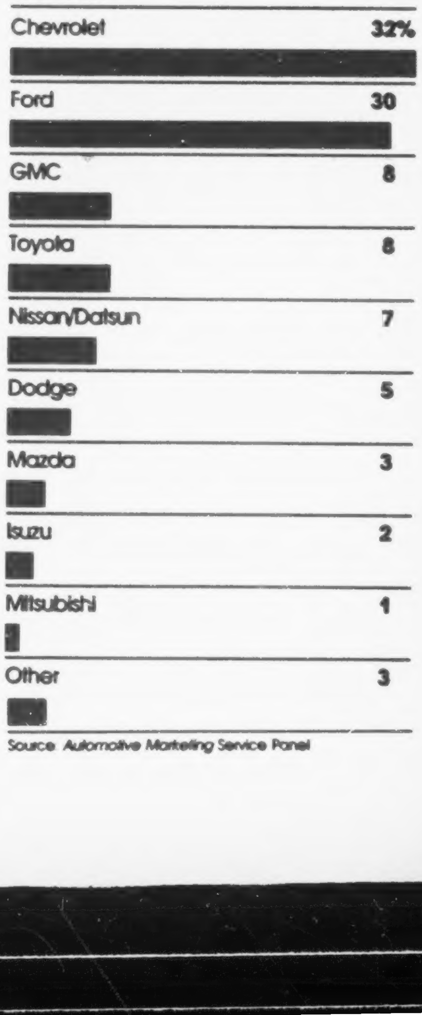
We asked the DIYers who owned light trucks, vans, or utility vehicles what specific brands of vans they owned.



Source: 1990 *Automotive Marketing* Light Truck Study

WHAT BRANDS OF LIGHT TRUCKS ARE OWNED

We asked the DIYers who owned light trucks, vans, or utility vehicles what specific brands of light trucks they owned.



Source: *Automotive Marketing* Service Panel

PASS-THROUGH WINDOWS

More DIYers who own light trucks, vans, or utility vehicles purchased pass-through windows than any other product we asked about.

They were fairly evenly divided in purchasing them in automotive specialty stores and general automotive retail parts stores. However, a significant 18% bought their pass-through windows at specialty RV/truck outlets.

Slightly more than half the DIYers who bought pass-through windows acquired them where they did because the price was best there. In fact, just over half shopped around to find the best price before buying where they did.

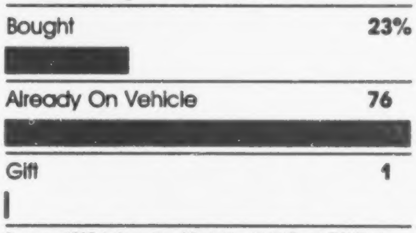
However, 28% bought where they did because the store's location was convenient. Another quarter looked for a broad product selection in the outlet they patronized.

Two thirds of all DIYers who bought pass-through windows had them installed by someone else. Most of them trusted specialty shops to do the installation work.

Among those DIYers who did install their own windows, they said they did the job because they wanted to save money, to make sure the job was done correctly, for personal enjoyment, or because the job was simple in fairly equal percentages. ■

PASS-THROUGH WINDOWS: DEALER INSTALED OR AFTERMARKET

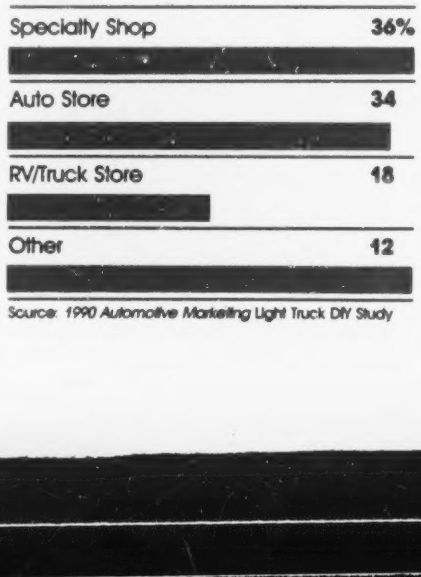
We asked the DIYers who owned light trucks, vans, or utility vehicles if their pass-through windows came with the vehicle or they bought them afterwards.



Source: 1990 *Automotive Marketing* Light Truck DIY Study

WHERE DIYERS BOUGHT PASS-THROUGH WINDOWS

We asked the DIYers who owned light trucks, vans, or utility vehicles and bought pass-through windows for their vehicles where they bought their pass-through windows.



Source: 1990 *Automotive Marketing* Light Truck DIY Study car dealerships; 33% in automotive specialty repair shops; and 24% in hardware stores. So, there's lots of competition for those light truck DIYer dollars from non-automotive aftermarket retail outlets.

WHAT BRANDS OF UTILITY VEHICLES ARE OWNED

We asked the DIYers who owned light trucks, vans, or utility vehicles what specific brands of utility vehicles they owned.

Chevrolet	21%
Jeep/AMC	18
Ford	17
Dodge	9
GMC	7
Nissan/Datsun	2
Suzuki	2
Toyota	2
Isuzu	2
Other	19

Source: 1990 *Automotive Marketing* Light Truck Study

What They Bought First

Most light truck owners begin personalizing their new vehicles right away. About two thirds said they bought some sort of new product right after buying their new vehicle. And, slightly more than a quarter of light truck DIYers who spend 11 or more hours a month on automotive DIY bought one automotive product during the past year.

We asked the DIYers who did buy something what the first product was that they bought after they got their new vehicle. Here's what they told us, in order of number of mentions:

- Bedliners
- Running Boards
- Exterior Accessories
- Cap/Camper Top
- Seat Covers
- Auxiliary Lights
- Tool Boxes
- Wheels
- Floor Mats
- Pass-Through Windows
- Stereo
- Steering Wheels/Covers
- Shocks
- Anti-theft Devices
- Winches
- Light Bars

WHAT PRODUCTS DIYERS BOUGHT FOR THEIR LIGHT TRUCKS

We asked the DIYers who owned light trucks, vans, or utility vehicles what specific light truck-type products they bought for their vehicles.

Pass-through Windows	27%
Auxiliary Lighting	24
Bedliners	20
Seat Covers	19
Tool Boxes	17
Steering Wheels/Covers	11
Security Devices	10
Bolt-on Accessory	8
Light Bars	3
Winches	3
Nothing	24

Source: 1990 *Automotive Marketing* Light Truck Study

What They'll Buy Next

On top of that, a third of all light truck DIYers plan to keep on buying. We asked them what products they thought they'd buy next. Here's what they told us, in the order they said:

- Exterior Accessories
- Bedliners
- Running Boards
- Seat Covers
- Auxiliary Lights
- Wheels

BEDLINERS

Bedliners appear as the fourth-highest purchased item among DIYers who own light trucks, vans, or utility vehicles.

Discount stores and automotive stores are almost tied for first place for where DIYers buy bedliners. When asked why they bought where they did, 67% cited the low price they paid. Just over a quarter looked for product selection, while 22% went to a nearby store. Even so, 67% shopped around for price before buying their bedliners.

And, just over half, 56%, bought what they consider to be "middle of the line" bedliners in terms of quality.

Most, 87%, of the DIYers who bought bedliners installed them themselves. While in most cases the majority of DIYers install any given product to save money, just less than half of those who did it themselves gave that as the reason. Almost half, 42%, said they did it because the job was easy, simple to do.

Therefore, it should come as no surprise that most, 89%, said they'd be either "very" or "somewhat" likely to install their own bedliners themselves again. ■

BEDLINERS: DEALER INSTALLED OR AFTERMARKET

We asked the DIYers who owned light trucks, vans, or utility vehicles if their bedliners came with the vehicle or they bought them afterwards.

Bought	49%
Already On Vehicle	48
Gift	3

Source: *1990 Automotive Marketing* Light Truck DIY Study

WHERE DIYERS BOUGHT BEDLINERS

We asked the DIYers who owned light trucks, vans, or utility vehicles and bought bedliners for their vehicles where they bought their bedliners.

Auto Store	23%
Discount Store	22
Dealer	13
Other	42

Source: *1990 Automotive Marketing* Light Truck DIY Study

RUNNING BOARDS

Among DIYers owning light trucks, vans, or utility vehicles, running boards were the third most often purchased items.

Most DIYers, 52%, who bought running boards bought them at auto parts or RV/light truck parts stores. When asked why they bought where they did, over half, 54%, said that the low price attracted them to that particular source. However, 34% looked for the selection offered while another 24% simply went to a store that was conveniently located.

Despite the large number who shopped where convenient, almost three quarters of all running board purchasers actually shopped around, looking for the price available, before buying running boards.

Even though the people with whom we spoke were DIYers, over half, 54%, did not install their own running boards. In all, 24% had the job done at a specialty shop, while another 11% went to the auto parts store for the installation. And 8% had a friend or relative do the job. Only 6% each went to an independent garage or back to the vehicle's dealer. ■

RUNNING BOARDS: DEALER INSTALLED OR AFTERMARKET

We asked the DIYers who owned light trucks, vans, or utility vehicles if their running boards came with the vehicle or they bought them afterwards.

Bought	52%
Already On Vehicle	44
No Answer	4

Source: *1990 Automotive Marketing* Light Truck DIY Study

WHERE DIYERS BOUGHT RUNNING BOARDS

We asked the DIYers who owned light trucks, vans, or utility vehicles and bought running boards for their vehicles where they bought their running boards.

Auto Stores	35%
RV/Truck Store	17
Discount Store	8
Other	40

Source: *1990 Automotive Marketing* Light Truck DIY Study

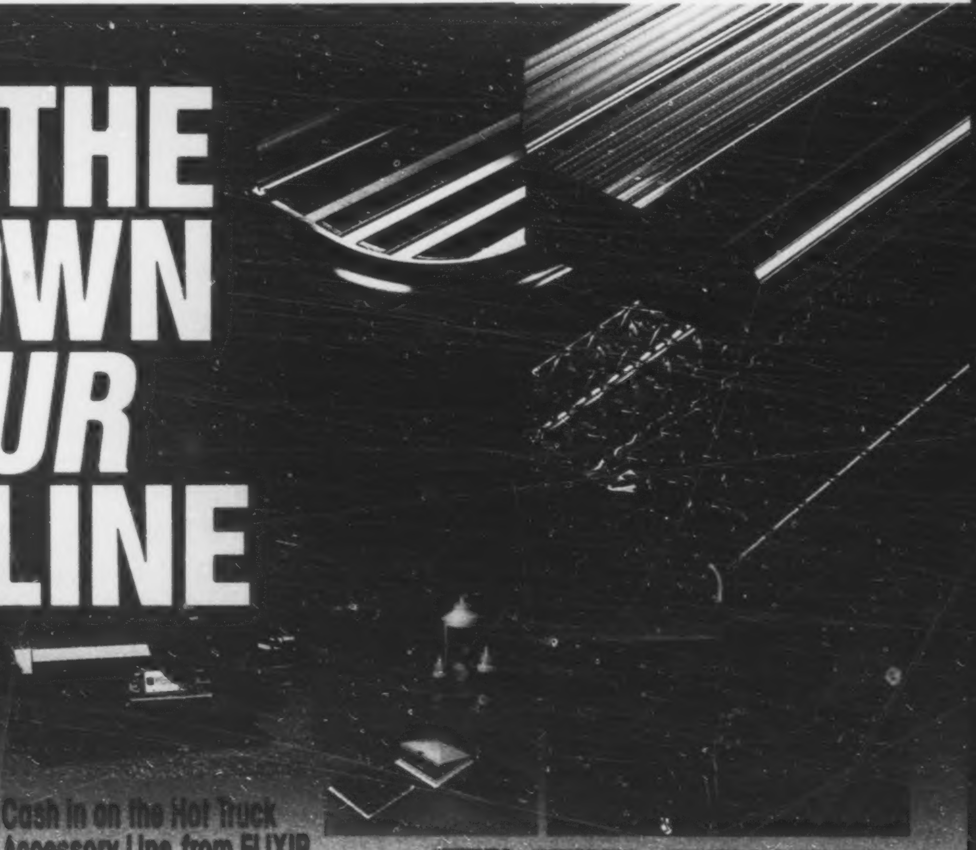
- Tool Boxes
- Cap/Camper Top
- Stereo
- Pass-through Window
- Anti-theft Device
- Winches
- Shocks
- Light Bar
- Steering Wheel/Cover

So, prepare for good light truck product sales to real enthusiasts. ■

STUDY METHODOLOGY

To prepare the 1990 *Automotive Marketing Light Truck DIY Study*, we again turned to the professional services of Chilton Research Co. (CRS), Radnor, PA. CRS interviewed, by phone, 306 owners of one or more of these vehicle types who also did some sort of DIY work on them. The job could have been as little as waxing or polishing the vehicle—waxers and polishers also buy lots of aftermarket products—or as involved as replacing a transmission or changing a CV-joint and front spring. CRS's questions were designed to determine the buying and installing patterns of specific light truck-type products of these DIYers.

In all, 80% of the respondents owned a light truck; 24%, a van; 14%, a utility vehicle; and 92%, a car in addition to one of the first three types of vehicles.



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INCLUDING RETAILERS AND JOBBERS

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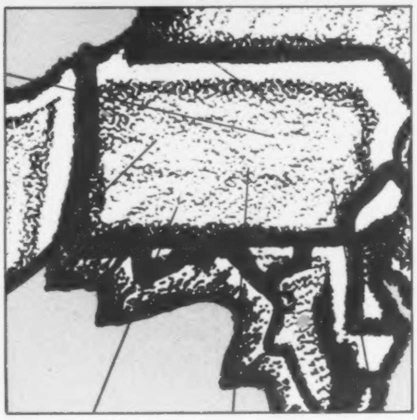
July Issue/Volume 19, Number 7



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This year, we've added jobber/retailing chains to our Top 100 list to reflect the "merging market." And, we include many more charts on the top chains in several categories like number of service bay and performance product sales.

Regional Markets:
The DIYers Of Smokestack East 30

In our on-going series about DIYers in different areas of the country, we take a close look at the DIYers of Smokestack East. What kinds of vehicles to the DIYers in this area of the Eastern Seaboard drive? What kinds of products to they buy? Here are some answers.

Operations:
After The Thief Has Struck 49

You can recover your losses after the thief has struck through write-offs, insurance, and penalties.

Employees:
Incentives Can Keep Good Employees On The Job 50

Today, retailers must learn to motivate and retain their employees in order to meet increasing demands for quality customer service.

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AUTOMOTIVE
Marketing's
TOP 100
INCLUDING RETAILERS AND JOBBERS

This year, we've added jobber/retailing chains to our Top 100 list to reflect the "merging market."

by P. Royall Katcher, Business Editor

In past years our annual Top 100 list has seen many changes due to chains being acquired, changing their names, or going out of business. This year, however, in terms of volume retailers, the 1990 Top 100 is not radically different than that published in 1989.

That's not to say there have been no changes. A number of companies announced new CEOs since our last October's list.

- Julius Trump is now CEO of Northern Automotive, which is owned by Northern Pacific. Trump is also Northern Pacific chairman.
- Michael Ormiston is Parts Inc.'s new CEO.
- John Willingham is the new CEO at PACCAR, the parent company of the West Coast chains of Grand Auto and Al's Auto Supply.
- Bob Merrill is now the CEO at Houston's Pettigrew Smith/Dales.

Some Changed Numbers

A number of chains have continued growing in the nine months since we published our last Top 100. We've listed the ten fastest growing chains elsewhere, but some chains like Pep Boys, which posted a growth of 1%, with three new stores since last October, should also be mentioned. AutoZone opened 26 stores, a 5% growth. Trak opened 17 new stores. O'Reilly Automotive, owned by Ozark, and Maryland's Hi-Gear each opened five new stores. ADAP, in New England, continued its growth drive by adding six new stores.

A few chains from last year have run into hard times. Minnesota-based 10,000 Auto Parts was listed with 30 stores last year, but was forced to close all its stores shortly thereafter. Recently, new management has acquired the company and has announced that it will reopen nine of its stores immediately.

Crazy Joe's, headquartered in Kannapolis, NC, ran into financial problems and sold many of the 29 stores it had last year. Parks Auto Stores in South Carolina and Advance Auto in Virginia picked up many old Crazy Joe's locations. Now Crazy Joe's operates three stores.

AUTOMOTIVE
RETAILERS

Crazy Joe's operates three stores.

At the same time, other chains have been consolidating their operations to improve their bottom lines. Northern Automotive shuttered 55 stores since October. New York's Aid Auto increased the number of stores bearing its logo through franchises, while dropping to only two company-owned stores. Action Auto, in Michigan, has closed 17 stores. Houston's Pettigrew Smith/Dales closed 15 stores. Michigan's Fox Group, which runs stores under the names of Shorts Auto Parts, All-Parts Automotive, and Tony's Parts & Accessories, shut seven stores. And, Atlanta's Parts City, closed five stores.

The only high-performance or speed specialty chain we have tracked that has grown has been Super Shops, which is one of our ten fastest growing chains. Most of the other specialty performance chains we've been tracking, however, have closed stores during the past nine months. In fact, we were unable to contact S/C Performance Wholesale, a Gardena, CA-based speed shop which had operated 29 stores, either by mail or telephone.

Fewer Service Bays

Last October we said that the top 100 chains had among them 6,264 service bays. Today, our ten largest service providers have almost that many service bays alone, with 6,043 bays between them. They obviously have most of the retail professional service market, since there are only 35 more bays among all the other chains with service. Overall the year saw a drop in the retail professional service bay number to a total of 6,078, or 3%.

Some of this drop may be because we have done one thing to this year's list that does radically alters its composition. We changed our methodology this year from past years, in line with what we've been calling the "merging market." No longer are there as many clear differences in the minds of consumers and retailers alike between jobber/retailers and volume retailers as there were in years past. A DIYer is just as apt to buy his needed parts at a store with a NAPA logo outside as he is from a Pep Boys store.

Therefore, where in the past we tried to keep our Top 100 list to chains selling over 60% retail, this year we list every chain that sells anything automotive across the counter for cash at full or sale price to a consumer. Most of these jobber stores, however, don't have service bays.

We've also added more information to the list. If a chain told us it belonged to a programmed distribution or buying group, we've indicated that with footnotes. We've indicated what percentage of DIY, retail sales each chain told us it did. And, if a chain is owned by a parent corporation, such as ADAP being owned by the drug chain Rite Aid, we've added the parent's name in parentheses behind the retail chain name.

It's interesting to note, too, that the largest single type of owner continues to be drug chains. Rite Aid owns ADAP; Harco Drug owns The Carport; and Fay Drugs owns Wheels Discount Auto Stores. The Perry Drug saga has apparently not scared off potential drug chains from acquiring auto parts chains. ■

THE 1990 *AM* LARGEST 100 AFTERMARKET CHAINS

Rank	Chain	# of Stores	# of Bays	$ Sales (+000)	CEO	Address and Phone	% of DIY
1.	Northern Automotive [1]	825	150	770,000	Julius Trump	645 Missouri Ave., Suite 400, Phoenix, AZ 85012 (602) 265-9200	95%
2.	Genuine Parts [16]	570	0	500,000	Larry L. Prince	2999 Circle 75 Pkwy., Atlanta, GA 30339 (404) 953-1700	30%
3.	AutoZone	535	0	535,000*	Peter Formanek	3030 Poplar Ave., Memphis, TN 38111 (901) 325-4600	95%
4.	Chief Auto Parts Inc.	500	0	292,500*	Mike Manor	15303 Dallas Pkwy, Ste 800, Dallas, TX 75248 (214) 404-1114	95%
5.	Western Auto	332 [2]	1,489	1,200,000	John T. Lundegard	2107 Grand Ave., Kansas City, MO 64108 (816) 346-4000	95%
6.	Trak Auto	309	0	275,700	Edward E. Szydlik	3300 75th Ave., Landover, MD 20785 (301) 731-1200	95%
7.	Nationwise Automotive, Inc.	275	346	290,000*	Saul Levy	3750 Courtright Ct., Columbus, OH 43227 (614) 239-1111	95%
8.	The Pep Boys	267	2,400	798,691	Mitchell G. Leibovitz	3111 W. Allegheny Ave., Philadelphia, PA 19132 (215) 229-9000	99%
9.	Parts Inc. [4]	203	0	145,500*	Michael Ormiston	601 S. Dudley, Memphis, TN 38104 (901) 523-7711	35%
10.	Advance Stores Co.	170	0	100,000*	Nicholas Taubman	1342 W. Eighth, Roanoke, VA 24015 (703) 345-4911	99%
11.	Fisher Auto Parts	150*	0	107,500*	Art Fisher	512 Greenville Ave., Staunton, VA 24401 (703) 885-8901	20%
12.	Super Shops	145	350	180,000	Harry Eberlin	620 Newport Center Dr., Ste 860, Newport Beach, CA 92660 (714) 644-9900	95%
13.	PACCAR [5]	140	600	200,000*	John Willingham	1400 North 4th St., Renton, WA 98055 (206) 251-7600	93%
14.	Discount Auto Parts, Inc.	125	0	75,000*	Denis L. Fontaine	4900 S. Frontage Road, Lakeland, FL 33802 (813) 687-9226	99%
15.	Whitlock [3]	121	0	71,000*	Dean Houlton	1375 Mt. Prospect Rd., Des Paines, IL 60018 (708) 699-5040	95%
16.	Sieg Auto Parts	121	0	45,000	Madis Sulg	500 Iowa St., POB 4230, Davenport, IA 52808 (319) 323-3641	5%
17.	APS [18]	113	0	80,000	Richard J. Spelleri	3000 Pawnee St., Houston, TX 77054 (713) 741-2470	30%
18.	O'Reilly Automotive (Ozark)	107	0	85,000	Charles O'Reilly	233 S. Patterson, Springfield, MO 65802 (417) 862-3333	55%
19.	HI/LO Auto Supply Companies [6]	104	0	113,700	T. Michael Young	8601 Tavenor, Houston, TX 77057 (713) 991-6052	85%
20.	General Parts [15]	102*	0	75,000*	Temple Sloan	2635 Millbrook Rd., Raleigh, NC 27604 (919) 876-9813	20%
21.	Straus-Frank Inc. [15]	92	0	70,000	David Straus	POB 600, San Antonio, TX 78292 (512) 341-5531	30%
22.	Rose Auto Stores (Whitlock)	90	0	53,000*	Donald Goodman	4760 NW 165th St., Hialeah, FL 33014 (305) 625-7786	95%
23.	ADAP (Rite Aid)	80	0	62,000	Wayne Yodzio	660 Bodwell St., Ext. Avon, MA 02322 (617) 587-8400	99%
24.	R&S/Strauss (Whitlock)	75	168	107,000*	Alfred Woods	1835 Burnet Ave., Union, NJ 07083 (201) 686-8200	95%
25.	Hahn Automotive	74	0	73,000*	Mike Futerman	415 W. Main St., Rochester, NY 14608 (716) 235-1595	40%

[*] Automotive Marketing estimate for 1989.

[1] Includes Checker/Schuck's/Kragen, Auto Works, U-Save, and Crown Auto

[2] Includes company-owned stores only; with associate stores total is 1,850

[3] Includes Giant Auto, Motormart, National Auto, and Strum Auto.

[4] Includes National Automotive Superstores, Save Auto Stores

[5] Includes Al's Auto Supply and Grand Auto

[6] Includes Fischer's Auto Parts

[15] A member of the Carquest (Tarrytown, NY) programmed distribution group

[16] A member of the NAPA (Atlanta) programmed distribution group

[18] A member of the Big A (Houston, TX) programmed distribution group

AUTOMOTIVE
INCLUDING RETAILERS AND JOBBERS

THE *AM* TOP 10 RETAIL CHAINS
(Chains doing 90% or more retail/DIYer sales, based on their reported number of stores; showing their place on Top 100 list.)

List #	Chain	100 List #	% DIY	Address
1.	Northern Automotive	1	95%	645 Missouri Ave., Suite 400, Phoenix, AZ 85012
2.	AutoZone	3	95%	3030 Poplar Ave., Memphis, TN 38111
3.	Chief Auto Parts Inc.	4	95%	15303 Dallas Pkwy, Suite 800, Dallas, TX 75248
4.	Western Auto	5	95%	2107 Grand Ave., Kansas City, MO 64108
5.	Trak Auto	6	95%	3300 75th Ave., Landover, MD 20785
6.	Nationwise	7	95%	3750 Courtright Ct., Columbus, OH 43227
7.	The Pep Boys	8	99%	3111 W. Allegheny Ave., Philadelphia, PA 19132
8.	Advance Stores Co.	10	99%	1342 W. Eighth, Roanoke, VA 24015
9.	Super Shops	12	95%	620 Newport Center Dr., Suite 860, Newport Beach, CA 92660
10.	PACCAR	13	93%	1400 N. 4th St., Renton, WA 98055

TOP RETAILERS

The sweeping changes of mergers and acquisitions that had marked the retail aftermarket in recent years has apparently slowed down. Take, for example, the Top 10 retailers we listed in June 1987, our first such list, with that of today. Chains that appeared on that list included Checker/Schuck's/Kragen (now part of Northern Automotive), and Otasco and Perry's Drugs, now both out of business. In other words, almost a third of the 1987 list has vanished in its original form.

Moreover, Auto Shack on that list now trades under the name of AutoZone.

Changes from last year to this aren't nearly as radical as those from three years ago.

Last year our Top 10 retailers were, in order,

- Northern Automotive,
- AutoZone,
- Chief Auto Parts,
- Western Auto,
- Trak Auto,
- The Pep Boys,
- Ward White Group,
- Nationwise Automotive,
- Advance Stores,
- and Super Shops.

This year our list is exactly the same—except Nationwise and Pep have switched places and we have split the Ward White Group up into its three autonomous chains—Whitlock, Rose, and R&S/Strauss—following its sale from the British Ward White concern to a private, American investment group.

The result of our Ward White split-up is that PACCAR, which operates stores under a variety of names, has now joined the prestigious Top 10 retail list.

It is interesting that while most aftermarket retailers don't operate service bays, six of the Top 10 retailers do have such bays. And, four of the top retailers are on our fastest growing Top 10 list.

Rank	Chain	# of Stores	# of Bays	$ Sales (+000)*	CEO	Address and Phone	% DIY
26.	Republic Auto [11]	72	0	627,000	Keith Thompson	POB 2088, Brentwood, TN 37024 (615) 373-5275	40%
27.	Parts Depot/Sleego Auto Parts	72	0	40,000	Rollance Olson	2177 Dale Ave., Roanoke, VA 24013 (703) 345-1001	40%
28.	Crow-Burlingame	72	0	34,000	Fletcher Lord, Jr.	520 W. Capitol, Box 111, Little Rock, AR 72203 (501) 372-5275	25%
29.	Quality Stores	64	100	90,000*	John L. Hitt	1460 Whitehall Rd., North Muskegon, MI 49445 (616) 744-2491	95%
30.	Hi-Gear Tire & Auto Supply	61	0	36,000*	Stan Love	110 Ritchie Rd., Capitol Heights, MD 20743 (301) 336-3000	95%
31.	A.I. Automotive [28]	60	0	10,000	Stuart Baxter	Bldg 200, Ste 508, Nashville, TN 37217 (615) 367-9495	30%
32.	Action Auto [7]	50	300	104,700	Dick Sabo	2128 S. Dort Hwy, Flint, MI 48507 (313) 235-5600	95%
33.	Brooks Auto Parts/Supply [16]	50	0	36,000*	Elton D. Brooks, Jr.	402 S. Peterson Ave., Douglas, GA 31533 (912) 384-7818	45%
34.	Kentucky Motor Service (KOI)	50	0	36,000*	Anthony W. Neltner	POB 395, Covington, KY 41011 (606) 431-6025	30%
35.	Forest City Auto Parts Co., Inc.	50	0	29,000*	Arnold Bellowe	25201 Chagrin Blvd., Ste 350, Beachwood, OH 44122 (216) 292-2525	90%
36.	Big Bear Stores	46	0	32,000	Jerry Hammerel	640 54th Ave. N., St. Cloud, MN 56301 (612) 251-9000	95%
37.	Pettigrew-Smith/Dale's	43	0	25,000*	Bob Merrill	8119 Jensen Dr., Houston, TX 77093 (713) 695-3613	95%
38.	Ace Auto Parts	39	0	23,000*	Thomas D. Cox	4750 118th Ave., N., Clearwater, FL 34622 (813) 573-2800	95%
39.	Taylor Parts, Inc. (TPS)	36	0	55,000	James M. Taylor II	208 E. 3 Notch St., Andalusia, AL 36420 (205) 222-6534	40%
40.	Big Wheel Auto/Rossi Stores [14]	36	0	24,000	R.B. Shaller	2300 P. Lot Knob Rd., Mendota Heights MN 55120 (612) 452-7484	95%
41.	Main Auto Parts	35	0	25,000*	Bart Weprin	1422 N. Main, Dayton, OH 45405 (513) 277-7393	20%
42.	Anderson Auto Parts [16]	35	0	21,000	H.G.Anderson III	POB 767, Anderson, SC 29622 (803) 224-6321	15%
43.	The Carport (Harco Drug)	34	0	20,000*	David Fuhrman	3925 Rice Mine Rd., Northport, AL 35476 (205) 345-2400	85%
44.	Murray's Discount Auto Stores	34	0	20,500*	Albert Pitt	21500 Trolley Ind. Dr., Taylor, MI 48180 (313) 292-2800	50%
45.	Worldwide Auto Parts, Inc.	31	7	19,000	Jim Foos (COO)	87 Brooklyn Ave., Youngstown, OH 44507 (216) 782-2204	95%
46.	Northern Auto Supply Co.	30	0	17,500	Don Komis	1906 N. Peach St., Marshfield, WI 54449 (715) 384-2124	25%
47.	J. Burdman Auto Parts	30	0	5,000	Bernard Burdman	801 N. Franklin St., Kirksville, MO 63501 (816) 665-3787	15%
48.	Benny's	29	12	25,000	Malcolm C. Bromberg	340 Waterman Ave., Esmond, RI 02917 (401) 231-1000	95%
49.	Linkon's Auto Supply	29	0	6,000	Leonard Linkon	2720 E. 2nd St., Centralia, IL 62801 (618) 533-1311	50%
50.	Automotive One Parts Stores [31]	28	0	17,000	Robert H. Gentry III	701 W. Church St., Orlando, FL 32802 (407) 422-1110	45%

* Automotive Marketing estimate for 1989.

[7] Includes company-owned stores only; with franchises total is 57

[11] Includes B&C Auto Supply

[14] A member of the RPM (Roanoke, VA) buying group

[16] A member of the NAPA (Atlanta) programmed distribution group

[28] A member of the Bumper to Bumper (New York) programmed distribution group

[31] A member of the IWDA/Road Pro (Houston) programmed distribution group

AUTOMOTIVE

TOP REPORTED SALES

We're limited, in listing the Top 10 automotive chains by sales, to chains that actually publish sales figures. Since by far the majority of chains in the industry are privately held and decline to release sales figures, this list is bound to be incomplete and leave out many major sales-producing chains.

Yet, this list is informative in itself, especially when compared with other lists in this section.

The top three sales reporters are also majors in the professional service field. In fact, the top two on each list are The Pep Boys and Western Auto. When broken out, chains that have service report average store sales of almost a million and a half dollars per store. On the whole, volume retailers only report a half a million annual sales per average store. This would confirm what we've been saying for some years now: Service pays.

Otherwise, two of our top sales reporters are jobbers, but also produce an important percentage of their overall sales from retail, DIY, buyers. They are Republic, with 40% of its sales retail, and Genuine Parts, with 30% of its sales retail.

One of the Top 10 is a specialty speed and performance chain, Super Shops. It has also bucked the trend of closing performance stores we've seen among other speed shop trends to also be one of the Top 10 chains in terms of growth. Trak and O'Reilly are also on the Top 10 growing chain list.

THE *AM* TOP 10 CHAINS REPORTING ACTUAL SALES

(Based on sales figures provided by each chain, in thousands of dollars.)

List #	Chain	100 List #	Sales	Address
1.	Western Auto	5	$1,200,000	2107 Grand Ave., Kansas City, MO 64108
2.	The Pep Boys	8	798,691	3111 W. Allegheny Ave., Philadelphia, PA 19132
3.	Northern Automotive	1	770,000	645 Missouri Ave., Suite 400, Phoenix, AZ 85012
4.	Republic Auto	26	627,000	POB 2088, Brentwood, TN 37024
5.	Genuine Parts	2	500,000	2999 Circle 75 Pkwy., Atlanta, GA 30339
6.	Trak Auto	6	275,700	3300 75th Ave., Landover, MD 20785
7.	Super Shops	12	180,000	620 Newport Center Dr., Ste 860, Newport Beach, CA 92660
8.	HI/LO	19	113,700	8601 Tavenor, Houston, TX 77057
9.	Action Auto	32	104,700	2128 S. Dort Hwy, Flint, MI 48507
10.	O'Reilly Automotive	18	85,000	233 S. Patterson, Springfield, MO 65802
	TOTAL SALES		$4,654,791	

Rank	Chain	# of Stores	# of Bays	$ Sales (+000)*	CEO	Address and Phone	% DIY
51.	Twin "B" Auto Parts [14]	28	0	15,000	William O'Connor	528 S. Military Hwy., Virginia Beach, VA 23464 (804) 420-3342	99%
52.	Ben Pilla Speed Shops	28	0	11,000	Ben Pilla	118 N. Black Horse Pike, Bellmawr, NJ 08031 (609) 931-4041	95%
53.	Cardis [15]	27	0	17,000	Ken Walker	12950 E. Alondra Blvd., Cerritos, CA 90701 (213) 926-4492	45%
54.	ITM Automotive Parts	26	0	26,000	Ed Lynch	13140 Alondra Blvd., Cerritos, CA 90701 (213) 926-6582	35%
55.	Barnes Motor & Parts	26	0	20,000	Robert E. Kirkland, Jr.	315 E. Barnes St., Wilson, NC 27893 (919) 243-2161	25%
56.	Davis & Wilmar [16]	26	0	17,000*	Gary Davis	609 Epsilon Dr., Pittsburgh, PA 15238 (412) 963-7776	30%
57.	Parts City, Inc. (Alex. Seewald)	26	0	13,000	Andy Moye	1420 Seaboard Industrial Blvd., Atlanta, GA 30318 (404) 352-0146	99%
58.	Wheels Discount Auto Stores (Fay Drugs)	25	0	15,000*	Gale Mitchell	4577 Buckley Rd., Liverpool, NY 13088 (315) 652-7000	95%
59.	SAS Auto Parts Co.	23	0	20,000	George Segal	129 Manchester St., Concord, NH 03301 (603) 225-4000	25%
60.	Allied Auto Parts Co.	23	0	14,000	Daniel Sennet	43 N. Montello St., Brockton, MA 02401 (508) 588-8500	30%
61.	One Stop Auto Parts	23	0	13,000	Gerald Klein	1113 62nd Ave. N., St. Petersburg, FL 33702 (813) 522-2897	90%
62.	Himel Auto Parts/Motor Supply	23	0	11,000	F. Garacci	1215 E. Main, New Iberia, LA 70560 (318) 364-7201	30%
63.	Kirkham Auto Parts	23	0	10,000	Michael Kirkham	POB 718, Blackfoot, ID 83221 (208) 785-2902	50%
64.	Keenan Auto Parts [15]	22	0	16,000*	Frank Ahouse	112 N. Front St., Albany, GA 31703 (912) 436-3311	5%
65.	688 Parts Service, Inc.	22	0	12,000	George E. Tricou Jr.	9126 Green Springs Rd., Baton Rouge, LA 70814 (504) 924-6888	25%
66.	Acme Auto Supply, Inc. [20]	21	0	20,000	James Fine	620 R. Oakwood Ave., West Hartford, CT 06110 (203) 246-2540	30%
67.	Erlich/Airland Auto Parts [22]	21	0	15,000	Herbert August	POB 277, Albany, NY 12202 (518) 449-1176	40%
68.	BWP [15]	21	0	15,000*	Neil Stokel	1055 Bronx River Ave., Bronx, NY 10472 (212) 991-9000	1%
69.	Motor Bearings & Parts Co.	21	0	12,000	Bill White	427 S. Dawson St., Raleigh, NC 27602 (919) 8320-3961	1%
70.	Beacon Auto Parts, Inc.	20	0	18,000	Fred Pisciotta	911 Lowry Ave., Jeannette, PA 15644 (412) 527-5612	39%
71.	Foreign Autoparts	20	0	18,000	Steve Palkin	1205 Route One, Sharon, MA 02067 (617) 784-1111	70%
72.	Performance Centers of America	20	0	18,000	Donald R. Raleigh	180 Whitman Ave., Edison, NJ 08817 (201) 287-5200	95%
73.	The Fox Group, Inc. [6]	20	0	16,000	William Fox, Jr.	23444 Schoenherr, Warren, MI 48089 (313) 774-4940	95%
74.	Sturdevant's Inc. [17]	20	0	14,000	Jack Sturdevant	POB 948, Sioux Falls, SD 57101 (605) 336-0678	30%
75.	Giant Auto Parts	20	0	14,000*	Robert Levy	2236 S. Hamilton Ave., White Hall, OH 43232 (614) 864-3811	30%

* Automotive Marketing estimate for 1989.

[6] Includes All-Parts Automotive, Inc., Short's Auto Parts, Tony's Parts & Accessories

[14] A member of the RPM (Roanoke, VA) buying group

[15] A member of the Carquest (Tarrytown, NY) programmed distribution group

[16] A member of the NAPA (Atlanta) programmed distribution group

[17] A member of the Pronto (Springfield, IL) programmed distribution group

[20] A member of the Autovalue (Springfield, MO) programmed distribution group

[22] A member of the AAAD/Parts Plus (Memphis, TN) programmed distribution group

AUTOMOTIVE

CHAINS WITH SERVICE

The big story in retailers with professional service bays is the large jump in the number of those bays we report now and what we reported last October.

Many of these are newly reported bays. For example, PACCAR now says they've got some 600 bays. Action Auto reports that they've got some 300 now. Northern Automotive reports some 150 now. Champion says that they've got 80 today.

And, other chains have been busy adding service bays along with their new stores. Last year we reported Pep Boys as having 2,226 service bays; this year they have some 2,400. Quality Stores had 20 bays in 1989. They report having 100 today.

As before, bays tend to be concentrated among the larger retail chains. In all, the largest ten retailers with service bays have 6,043 among them. There are only 6,078 service bays, however, among all of the Top 100 aftermarket chains—only 35 more bays than the top ten service providers have.

We've said that service boosts a retailer's business. Indeed, half of this list is made up of companies that also appear on our list of the Top 10 chains when listed by reported sales. Moreover, the average annual store sales for chains with service runs just under $1.5 million, while annual average store sales for chains without service runs around a half a million dollars.

THE *AM* TOP 10 SERVICE PROVIDERS
(Based on number of service bays operated by each chain.)

List #	Chain	100 List #	Svc Bays	Address
1.	The Pep Boys	8	2,400	3111 W. Allegheny Ave., Philadelphia, PA 19132
2.	Western Auto	5	1,489	2107 Grand Ave., Kansas City, MO 64108
3.	PACCAR	13	600	1400 N. 4th St., Renton, WA 98055
4.	Super Shops	12	350	620 Newport Center Dr., Ste 860, Newport Beach, CA 92660
5.	Nationwise	7	346	3750 Courtright Ct., Columbus, OH 43227
6.	Action Auto	31	300	2128 S. Dort Hwy, Flint, MI 48507
7.	R&S/Strauss	24	168	1375 Mt. Prospect Rd., Des Plaines, IL 60018
8.	Northern Automotive	1	150	645 Missouri Ave., Suite 400, Phoenix, AZ 85012
9.	Quality Stores	29	100	1460 Whitehall Rd., North Muskegon, MI 49445
10.	Champion Auto	98	80	5520 N. U.S. Highway 169, New Hope, MN 55428
	TOTAL BAYS		5,983	

Rank	Chain	# of Stores	# of Bays	$ Sales (+000)*	CEO	Address and Phone	% DIY
76.	Royal Auto Supply	20	0	10,000	Jon Sienn	Twin Park Industrial Center, Colmar, PA 18915 (215) 822-1359	95%
77.	All State Auto	20	0	10,000	Warren Morgan	3131 N. I-10 Service Rd., Metairie, LA 70002 (504) 834-5500	80%
78.	Galling's Auto Stores [30]	20	5	9,000	Albert C. Premus	117 W. Peach St., Connellsville, PA 15425 (412) 628-3340	90%
79.	Automyte	20	0	4,000	Davia Stucky	POB 578, Hemingway, SC 29554 (803) 558-3914	50%
80.	Auto Value Stores [20]	19	0	24,000	Allen Bennett	3869 N. Dixie Hwy., Oakland Park, FL 33334 (305) 565-4636	40%
81.	Molin Auto [22]	19	0	19,000	Carl E. Molin	3896 Union Rd., Buffalo, NY 14225 (716) 633-4455	15%
82.	Arnold Motor Supply	19	0	16,000	Garlan Odor	110 W. 4th, POB 5008, Spencer, IA 51301 (712) 262-4287	20%
83.	VIP Discount Auto [14]	19	57	14,000*	Thomas O. Auger	12 Lexington St., Lewiston, ME 04240 (207) 784-5423	40%
84.	Interstate Auto [19]	19	0	11,000	J. Lon Schuster	311 E. Dixie, Elizabethtown, KY 42701 (502) 765-6183	30%
85.	Flowers Auto Parts [16]	19	0	11,000	John R. Flowers	105 S. Center St., Hickory, NC 27603 (704) 322-5414	10%
86.	Loe's Auto Parts	19	0	10,000	John Loe	401 NE Front St., DeKalb, TX 75559 (214) 667-2541	30%
87.	Auto Parts World	18	0	18,000	Andrew Dabrowski	1176 W 14 Mile Rd., Clawson, MI 48017 (313) 288-0845	90%
88.	All-Car Automotive Centers	18	14	16,000	Lester R. Cigel	1520 S. Superior Ave., Antigo, WI 54409 (715) 623-3791	80%
89.	Byrd's Auto [16]	18	0	13,000*	Stan Byrd	262 N. Main St., Burlington, NC 27215 (919) 226-0244	10%
90.	Von Housen Auto Parts	17	0	12,000	Robert Neeley	2634 Juniper Lane, Sacramento, CA 95825 (916) 485-7552	50%
91.	Acme Auto	17	0	12,000*	Curt Myers	1731 S. 19th St., Harrisburg, PA 17104 (717) 939-7893	20%
92.	National Auto Supply	17	0	12,000*	Clifford Shanfeld	8514 Eager Rd., St. Louis, MO 63144 (314) 968-8511	5%
93.	Parker Auto Supply [16]	17	0	12,000*	W.W. Parker	POB 760, Sumter, SC 29151 (803) 775-6721	10%
94.	Rodefeld's	17	0	11,000	Charles A. Rodefeld	96 W. Main, Richmond, IN 47374 (317) 935-7626	50%
95.	Hapco Auto Parts	17	0	10,000	Richard Halpern	POB 311, Hoyoke, MA 01041 (413) 536-2250	40%
96.	O.K. Auto Supply Co.	17	0	8,500	William Larson	605 Elm St., Ishpeming, MI 49849 (906) 485-5181	20%
97.	H.E. Everson Auto	17	0	8,000	Kirk Sand	2904 Gateway Dr., Grand Forks, ND 58201 (701) 772-4839	25%
98.	Champion Auto Stores [9]	16	80	75,000	Robert "Bud" Rose	5520 N. U.S. Highway 169, New Hope, MN 55428 (612) 535-5984	95%
99.	Hedahls Automotive Centers	16	0	16,000	Dick Hedahl	100 E. Broadway, POB 1038, Bismarck, ND 58502-1038 (701) 223-8393	20%
100.	National Auto Stores	16	0	11,000	David M. Stein	2342 North Penn Rd., Hatfield, PA 19440 (215) 997-1300	70%
Total		7,767	6,078	8,432,791*			

* Automotive Marketing estimate for 1989.

[9] Includes company-owned stores only; with franchises total is 141

[14] A member of the RPM (Roanoke, VA) buying group

[16] A member of the NAPA (Atlanta) programmed distribution group

[19] A member of the Federated Auto Parts (Staunton, VA) programmed distribution group

[20] A member of the Autovalue (Springfield, MO) programmed distribution group

[22] A member of the AAAD/Parts Plus (Memphis, TN) programmed distribution group

[30] A member of the Eagle Nation (Pearland, TX) programmed distribution group

FASTEST GROWING CHAINS

Generally, in terms of growth, the aftermarket has been pretty level over the past year. Most experts put growth at around 2%.

Even so, some chains have managed to sustain growth at much higher rates than the industry level—without adding to the tremendous debt levels that have hurt many aftermarket chains recently.

In highlighting these chains, we have chosen to mark growth in terms of percentages, new stores as a percentage of the chain size in 1989. So, obviously a 200-store chain adding five stores is growing at a smaller percentage rate than a 10-store chain adding five stores.

THE *AM* FASTEST GROWING 10 CHAINS, 1989-1990

(The fastest growing chains, in terms of total stores listed in the October 1989 Top 100 list and this list.)

#	Chain	1989 List #	1990 List #	1989 Stores	1990 Stores	Total Growth	% Growth
1.	Quality	22	29	54	64	10	19%
2.	Advance	10	10	150	170	20	13%
3.	Taylor	28	39	32	36	4	13%
4.	Nationwise	8	7	247	275	28	11%
5.	Hi-Gear	21	30	56	61	5	10%
6.	ADAP	18	23	74	80	6	8%
7.	Trak	5	6	292	309	17	6%
8.	Carport	29	43	32	34	2	6%
9.	O'Reilly	16	18	102	107	5	5%
10.	Super Shops	12	12	140	145	5	4%

JOBBER CHAINS

True jobber chains, doing over 75% of their business wholesale, don't encourage walk-in, DIY business. They concentrate on business to garages, car dealers, and service stations. They don't advertise to consumers and, in fact, keep a low profile generally. So you often don't hear of them.

However, chains like these have been around for almost as long as the aftermarket. Fisher, for example, was founded in 1929. And, they are putting together major operations that sell vast numbers of auto parts, chemicals, and accessories. They are major aftermarket players.

THE *AM* TOP 10 JOBBER CHAINS

(Chains doing 75% or more wholesale sales; showing place on Top 100 list.)

List #	Chain	100 List #	% Whsle	Address and Phone
1.	Fisher Auto Parts	11	80%	512 Greenville Ave., Staunton, VA 24401 (703) 885-8901
2.	Sieg Auto Parts	16	95%	500 Iowa St., POB 4230, Davenport, IA 52808 (319) 323-3641
3.	General Parts	20	20%	2635 Millbrook Rd., Raleigh, NC 27604 (919) 876-9813
4.	Crow-Burlingame	28	75%	520 W. Capital, Box 111, Little Rock, AR 72203 (501) 372-5275
5.	Main Auto Parts	41	80%	1422 N. Main, Dayton, OH 45405 (513) 277-7393
6.	Anderson Auto Parts	42	85%	POB 767, Anderson, SC 29622 (803) 224-6321
7.	Northern Auto Supply Co.	46	75%	1906 N. Peach St., Marshfield, WI 54449 (715) 384-2124
8.	J. Burdman Auto Parts	47	85%	801 N. Franklin St., Kirksville, MO 63501 (816) 665-3787
9.	Barnes Motor & Parts	55	75%	315 E. Barnes St., Wilson, NC 27893 (919) 243-2161
10.	SAS Auto Parts Co.	59	75%	129 Manchester St., Concord, NH 03301 (603) 225-4000

PROGRAM MEMBERS

In preparing this report, we spoke with over 400 automotive aftermarket chains that sell retail to a degree. Among other things we asked if they were members of programmed distribution groups and, if so, what the groups were. In all there were 19 different programmed distribution groups named.

However, among the ten largest chains to belong to these groups, only five groups were mentioned. And, two of the chains, Genuine Parts and Davis & Wilmar, actually own NAPA, their group, while APS owns Big A.

THE *AM* TOP 10 CHAINS BELONGING TO PROGRAMMED DISTRIBUTION GROUPS

(Showing percentage of retail sales)

List #	Chain	# of Stores	100 List #	% Retail	Programmed Distribution Group
1.	Genuine Parts	570	2	30%	NAPA, Atlanta
2.	APS	113	17	30%	Big A, Houston
3.	General Parts	102	20	20%	Carquest, Tarrytown, NY
4.	Straus-Frank Inc.	92	21	30%	Carquest, Tarrytown, NY
5.	A.I. Automotive	60	31	30%	Bumper to Bumper, NY
6.	Brooks Auto Parts/Supply	50	33	45%	NAPA, Atlanta
7.	Anderson Auto Parts	35	42	15%	NAPA, Atlanta
8.	Automotive One Parts Stores	28	50	45%	IWDA/Road Pro, Houston
9.	Cardis	27	53	45%	Carquest, Tarrytown, NY
10.	Davis & Wilmar	26	56	30%	NAPA, Atlanta

SPEED SHOPS

Some two decades ago there were over 10,000 U.S. specialty speed and performance shops. Today, the largest ten specialty chains among them operate only 223 stores.

This is because mail order retailers and regular retailers stock more specialty equipment. And, starting with the gas crises of the 1970s, automakers have stressed fuel economy over high speed performance. Finally, environmental considerations have led to restrictive legislation.

Now, emission control regulations cut into the speed and performance market. Where high performance stressed special exhaust products, now the accent is on dress-up equipment that gives the impression of speed without actually affecting the car's working equipment.

THE *AM* TOP 10 SPEED SHOP CHAINS

List #	Chain	# of Stores	CEO	Address
1.	Super Shops	145	Harry Eberlin	620 Newport Center Dr., Ste 860, Newport Beach, CA 92660
2.	Ben Pilla Speed Shops	28	Ben Pilla	118 N. Black Horse Pike, Bellmawr, NJ 08031
3.	Performance Centers of America	20	D.R. Raleigh	180 Whitman Ave., Edison, NJ 08817
4.	Rons Performance	7	R.T. Uemura	2760 Kilihau St., Honolulu, HI 96819
5.	Speed Unlimited Inc.	5	Peter Mandes	4771 Allentown Rd., Morningside, MD 20746
6.	PV Performance Centers	4	Brian Peavey	124 Eastern Ave., Malden, MA 02148
7.	Seco Performance Centers	4	John Simmons	417 University Blvd., Birmingham, AL 35203
8.	United Speed World	4	Terry Lewis	734 W. Brandon Blvd., Brandon, FL 33614
9.	High Tech Performance	3	S.J. Ventimiglia	7885 University Ave., La Mesa, CA 92041
10.	Jeg's High Performance Centers	3	Ed Coughlin	751 E. 11th Ave., Columbus, OH 43211
	Total	223		

REGIONAL MARKETS:
A LOOK AT SMOKESTACK EAST

by **P. Royall Katcher,**
Business Editor

The area we call the "Smokestack East" is bordered by the Great Lakes, Canada, Ohio, Maryland, and the urban sprawl running between Connecticut and Washington, DC. The region's rich soil and changing seasons make this prime farming country. Lancaster County, in Pennsylvania, has the nation's second largest farm population, at 25% of the county's population—many of them Old Order Amish. As well, the Northern New York State area is one of America's oldest wine growing regions.

But, Smokestack East is more marked by its many factories than its farms. The factories were first built early in the last century to take advantage of its central location, excellent water transportation system, and nearby ores. These ores include iron and coal. And, the nation's first oil fields, developed in the 1860s to replace whale oil lost to Confederate Navy raiders, were located in the area.

Today, the oil fields are abandoned, many of them turned into national parks. Many of the area's factories no longer thrive as they once did. Most of Pittsburgh's blast furnaces are cold. And, as singer/song writer Billy Joel said, they're closing factories, like the Mack Truck plant, down in Allentown, PA.

Hard work by concerned citizens has turned many of these trends around. Today, downtown Pittsburgh is booming, the home of many major corporations like Gulf Oil. And, Allentown has refurbished its downtown and has attracted many service and industrial companies to its area.

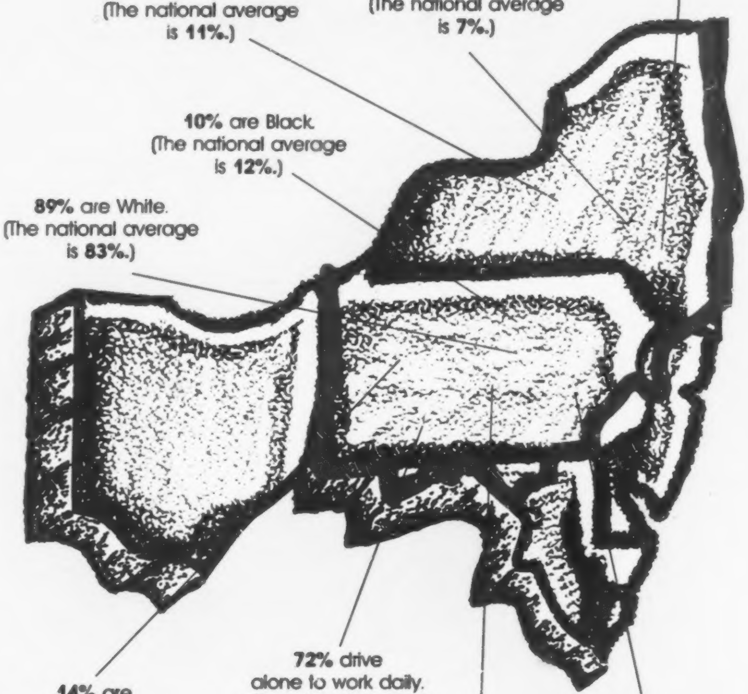
Although there are some large cities like Pittsburgh in Smokestack East, most of them are smaller than the giants on the East and West Coast or even nearby Chicago. Many inhabitants live on farms or in small towns. Many of those who don't retain small town values anyway.

Combined with these small town values of independence and hard work come the blue collar values taught in the mines, steel mills, and factories. The result is that Smokestack East residents maintain their own cars in large proportions—this is DIY country.

Weather's a major automotive DIY factor in Smokestack East. The average temperature in the northern half of the area during January is below freezing. In the southern half, it just hovers above the freezing mark. Hence, there's not a lot of driveway DIY work done in the winter here.

The traditional market is strong here. Steel City, a major feeder, is headquartered just outside Pittsburgh. Hahn Automotive, a WD that own 74 jobber stores, is based in Rochester, NY. But, true retailing chains do well here, too. Many of The Pep Boys—Manny, Moe, & Jack stores are in the area and do well. ■

Of The People In Smokestack East:


67% are high school graduates. (The national average is 67%.)
14% live in households headed by females. (The national average is 11%.)
11% are Hispanic. (The national average is 7%.)
10% are Black. (The national average is 12%.)
89% are White. (The national average is 83%.)
72% drive alone to work daily. (The national average is 65%.)
14% are college graduates. (The national average is 16%.)
8% live below the poverty level. (The national average is 12%.)
61% are between 18 and 65 years old. (The national average is 61%.)

52.1%
of individuals in Smokestack East who are responsible for vehicle maintenance do some sort of DIY work on that vehicle.

REGIONAL MARKETS:

In all, 52% of those who live in Smokestack East and are responsible for taking care of a motor vehicle do some of maintenance work themselves. On top of that, a surprising 11% aren't actually responsible for maintaining a vehicle, yet also do-it-themselves.

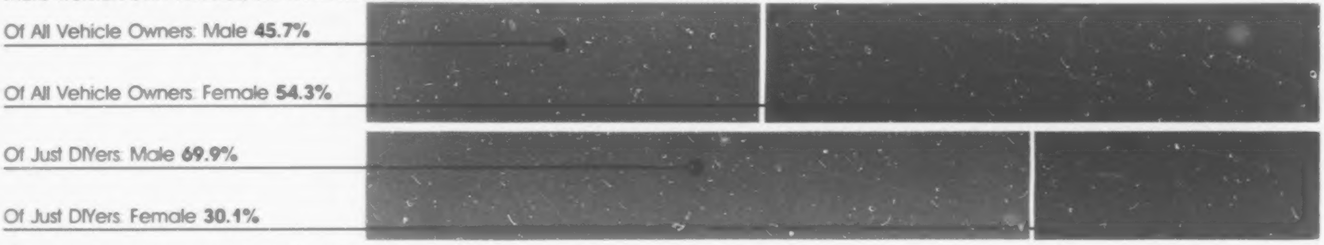
Some 6% of the Smokestack East DIYers we talked with shop for automotive parts, chemicals, and accessories about once a month. Another 16% shop twice a year, obviously for seasonal maintenance efforts, while 3% shop four times a year.

While 42% of Smokestack East DIYers have maintained the same automotive DIY work level, another 36% increased the level of work they do over the past five years. Over 25% of them expect the amount of automotive DIY work they do to increase in the future, while 59% expect to do as much DIY work in the future as they do now.

In all, 45% of Smokestack East DIYers classify themselves as "light" DIYers who only wax or polish or top off the oil in

SMOKESTACK EAST: GENDER

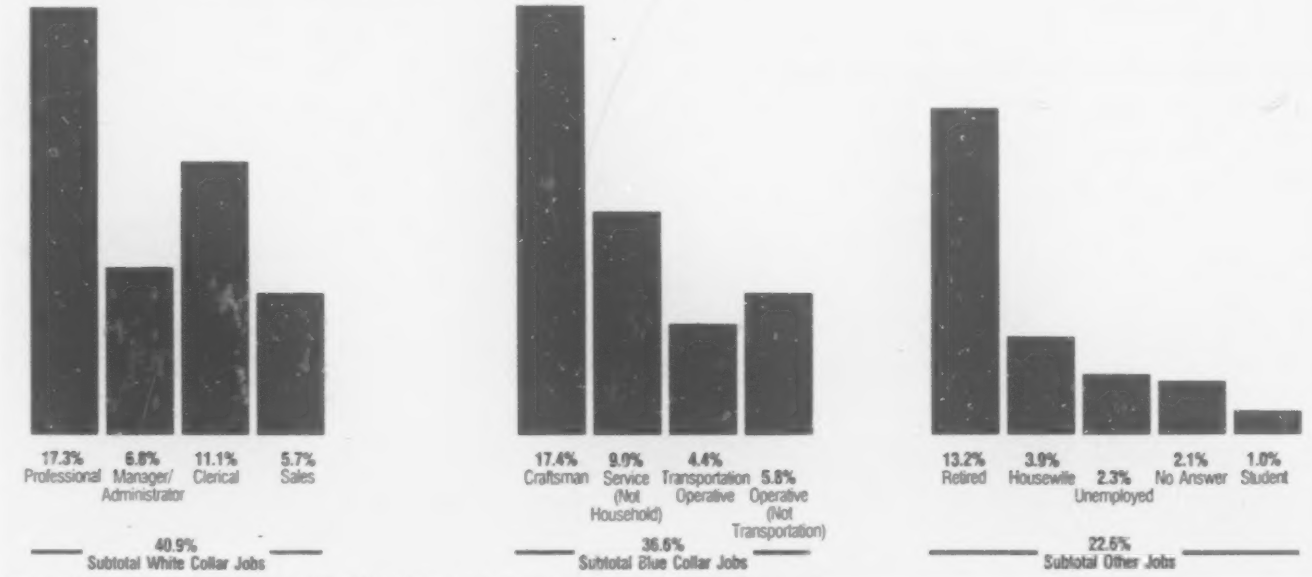
More women own vehicles, but more men do-it-themselves.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

SMOKESTACK EAST: DIYERS & THEIR PROFESSIONS

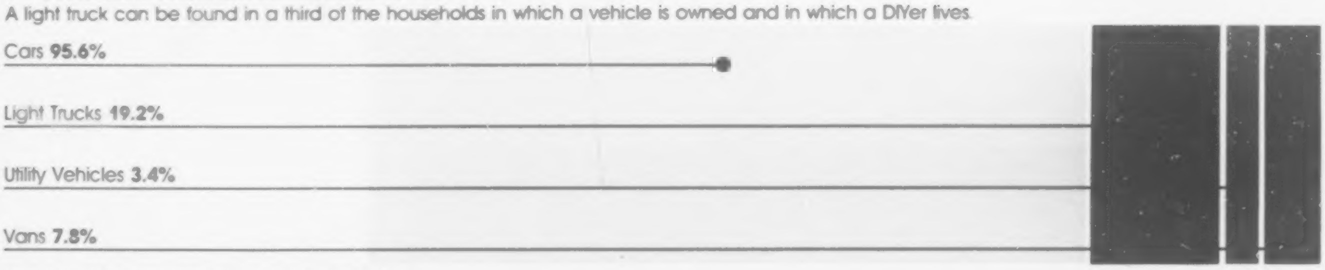
A higher number of farmers, students, service workers, and housewives in the area than in other areas has helped keep the growing white collar professions to less than half the employed population.



Source: 1990 Consumer Automotive Repair Study (CARS) May not total to 100% due to rounding and multiple answers

SMOKESTACK EAST: DIYER VEHICLE TYPES

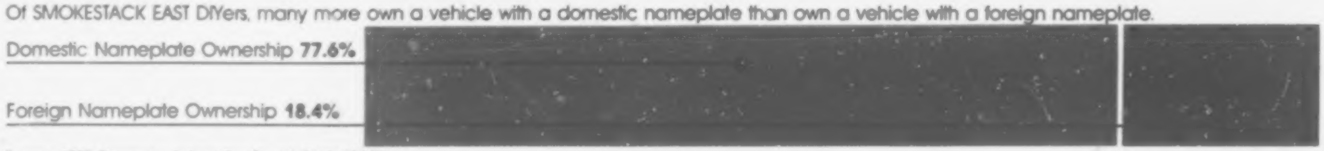
A light truck can be found in a third of the households in which a vehicle is owned and in which a DIYer lives.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

SMOKESTACK EAST: DIYERS & THE VEHICLES THEY OWN

Of SMOKESTACK EAST DIYers, many more own a vehicle with a domestic nameplate than own a vehicle with a foreign nameplate.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

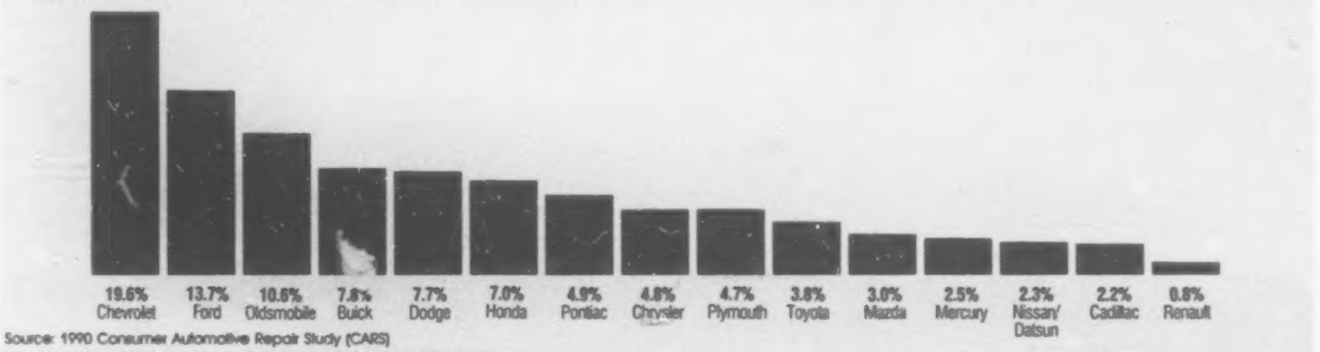
their vehicles. Some 25% of Smokestack East DIYers called themselves "medium" DIYers – those who actually change oil or filters. And 23% of Smokestack East DIYers said they were "dedicated" DIYers who weren't afraid of repairing their own transmissions or rebuilding their own engines.

Smokestack East DIYers generally enjoy what they do, too. Of them, 23% said that they enjoy doing automotive DIY work a lot. Another 36% enjoy it "somewhat." The rest enjoy it "not too much," 16%, or "not at all," 26%.

Many of them would like to do other jobs than what they do now. When we asked what job they'd be interested in learning how to do, 12% said "tune-ups," 10% said "oil and filter changes," 7% said "body work," and 5% said "brake work." Over half of them want to learn these new jobs from friends or relatives. But 34% said they'd turn to books and literature to learn new jobs. And, 30% said they'd go to clinics, while 28% said they'd like to use videos for their learning. ■

SMOKESTACK EAST: DIYERS & THEIR VEHICLES

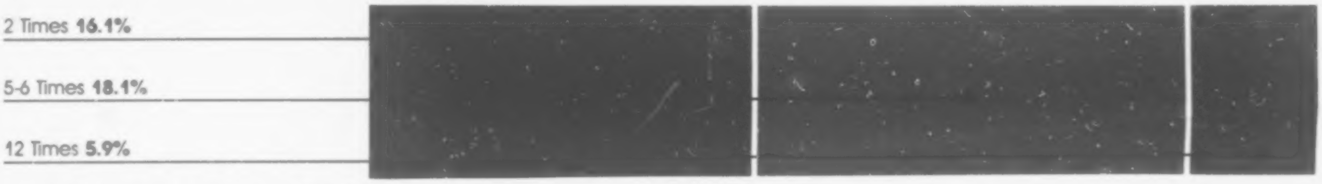
With a quarter of the DIYers owning Chevrolets, the industrial center of America is also the heartbeat of America. Here's a list of the most popular makes and the percentage of DIYers who own them.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

SMOKESTACK EAST: SHOPPING FREQUENCIES

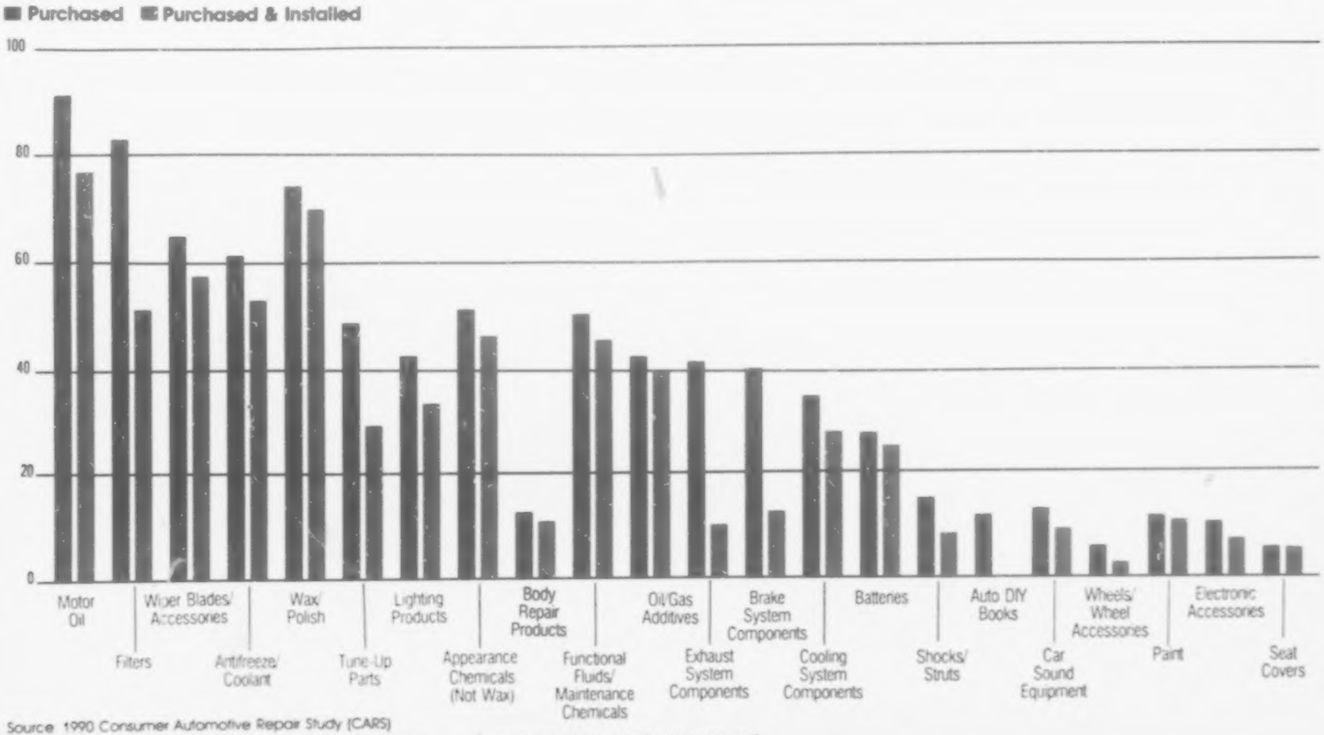
Of Smokestack East DIYers, almost 20% of them shop for automotive products five or six times a year. Here are the three major shopping frequencies.



Source: 1990 Consumer Automotive Repair Study (CARS)
Does not total to 100% due to omitted responses

SMOKESTACK EAST: DIYERS & AUTOMOTIVE PRODUCTS

The easier the product is to install, the more DIYers do-it-themselves.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Cell too small for accurate measurement

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Chilton's AUTOMOTIVE MARKETING

FALL & WINTER SELLING GUIDE

Also: The Basics of Retailing: Part 3

August Issue/Volume 19, Number 8

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How One Company Increased Sales 17% 30
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The Basics Of Retailing:
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In part three of our series on retailing's three basics—products, consumers, and employees—we look at consumers. Today, consumers cut the market into segments. And those segments are getting smaller and smaller.

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MARKET LINE

Selling The Traditional Market: Programs and Changes

What we call today the "traditional aftermarket" (warehouse distributors selling to jobbers who in turn sell to installers) is really the new kid on the block. The national system of warehouse distributors fell in place during the late 1940s and early 1950s with the formation of the Automotive Warehouse Distributors Association (AWDA), Kansas City, MO, in 1947.

Automotive suppliers soon saw the advantage of a system of regional warehouse distributors performing storage, distribution, and sales functions for the supplier. Today, the so-called traditional channel accounts for almost half of all parts sales, about $19.4 billion in 1989, according to Lindsey-Kaufman, an automotive consulting firm in Tenafly, NJ.

Changes In The Traditional Market

The traditional market has undergone significant changes since the 1950s, and because of the importance of the traditional market in selling parts, suppliers have been forced to keep pace. One major change has been on-going consolidation, the result of which is fewer and bigger buyers. The latest count by the Automotive Service Industry Association (ASIA), Chicago, finds 700 WD owners running 1,200 warehouses and 13,760 jobber store owners operating 26,200 stores.

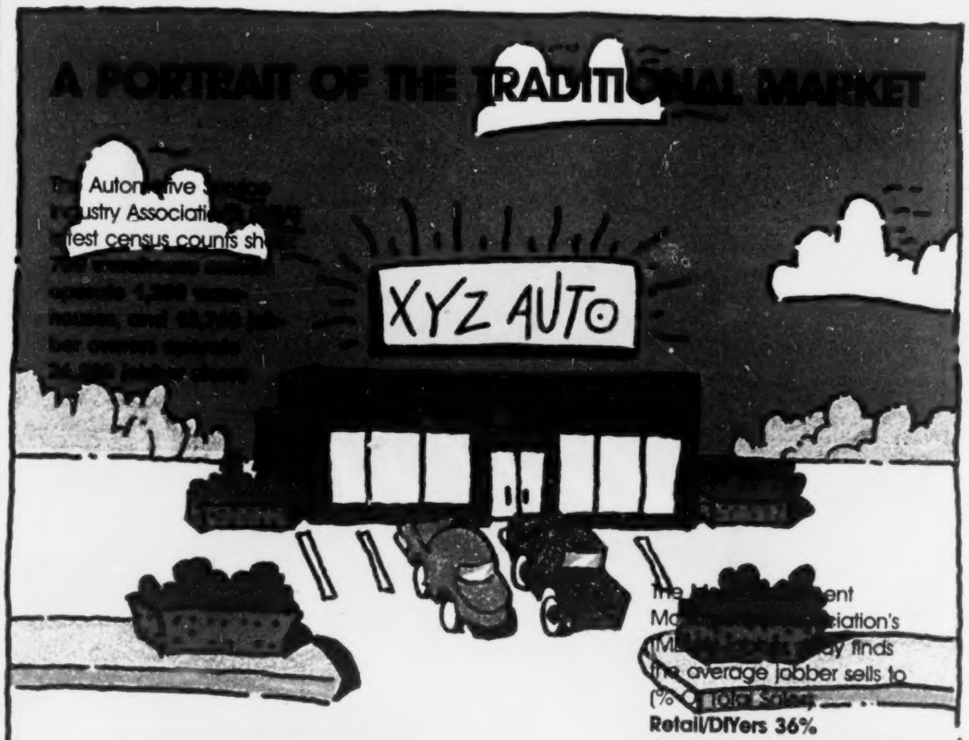
For suppliers, probably the single most important change in the traditional market in recent years is the slow death of the "blue sheet." The blue sheet is the basis for traditional market pricing; it sets the supplier's price to the jobber. In return for providing various regional functions such as storage, distribution, service and selling for a supplier, warehouse distributors buy goods at roughly 25-35% less than blue sheet price. Thus, an item listed at $1.50 blue sheet price sells to the WD for around $1. For his part, the jobber sells to various classes of customers at various prices (set by a rainbow tablet of price sheets: pink, green, yellow, etc.) above blue sheet price.

Not so long ago, the entire traditional market worked almost exclusively from the price sheets. Customers at all levels were rigidly classified as to what color sheet they could buy from although WDs and jobbers occasionally gave additional 5-10% discounts to their best customers. Suppliers also gave 2-5% volume discounts at spring and fall promotions.

But that's all changed. Although suppliers still supply blue and other color sheets, virtually no one pays the listed price. Larry Anton, president of Larry Anton Associates, Fort Worth, TX, who, in addition to consulting to the automotive industry, manages the U.S. Performance program group in Fort Worth, said, "The blue sheet is as fictitious as list price."

Programmed Distribution

The blue sheet is dead because of the growth of programmed distribution. But although there's no doubt that programmed distribution serves a good portion of the traditional market, it is difficult to find out just how many WDs and jobbers belong to programmed groups. For example, by checking two guides to programmed distribution that appeared



in jobber trade magazines, we found that 18 groups claimed a membership of roughly 1,000 WDs and 25,000 jobbers. That would mean that every WD and virtually every jobber belongs to some programmed group.

One executive, John Evans, director of sales and marketing at Champion Labs, Albion, IL, spoke for many suppliers when he said, "I'd be hard pressed to name any major warehouse that's not affiliated in some way with a group."

However, CR Industries, Elgin, IL, a manufacturer of automotive seals and bearings which is now called CR Services, conducted a survey of automotive distribution in 1989 and found that only 35% of WDs buy the majority of their inventory through buying groups. So we think that the numbers given above are an exaggeration of the number of WDs and jobbers seriously involved in programmed distribution.

SUCCESS FACTORS FOR WDS

A study by CR Services for CR Industries, Elgin, IL, ranked key success factors for WDs in the 1990s. Here are the top three factors:

1. Product availability (depth and range)
2. Reliable customer service (frequency and speedy delivery)
3. Price

Source: CR Services

WDS & SUPPLIERS IN THE 1990s

A study by CR Services for CR Industries, Elgin, IL, predicts that by 1995:

1. The number of WDs will decline by 18%
2. The number of suppliers will decline by 10%
3. The percentage of WDs buying the majority of their goods through programmed distribution will reach 60%

Source: CR Services

The Heart Of The Issue

"The heart of the issue is that all groups are not the same," Anton said. "The real proliferation of groups began about 1982-84, and manufacturers are still scrambling to deal with that phenomenon. At first, they tried a divide and conquer philosophy, and continue relationships with individual WDs. That worked in some cases. But ultimately, manufacturers were afraid not to play along with the groups for fear of losing business. So many began to offer longer deals and better terms in expectation of new business," Anton said.

"But now's there's a day of reckoning," Anton continued. "manufacturers have given up points for no new business. Too many groups were only there for the best deal. Now the manufacturers are going to demand performance in return for further concessions and a contractual agreement such as is customary in retail and mass markets. So it's those groups that can take distribution into the next phase and can demonstrate that they can do something for the manufacturer that will take it into the next phase."

The expansion of programmed groups has annoyed suppliers. Of the 18 programmed distributors listed in two jobber trade magazines, nine opened in the 1980s. "The largest and best known groups have the best WDs," Champion Labs' Evans said.

"But some groups perform no services, no functions. It doesn't matter if you're a small WD or a big jobber, if you have their phone number, you can be a member. And the well-established groups get more support from their WDs. There's nothing more frustrating than a group that says its has 50 WDs signed up so you go in and put together a private label pro-

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gram for them and they're not able to commit. The WDs are just there to see if there're better programs available than the one they have," Evans said.

Other suppliers were not as kind. Many saw the newer groups as simply issuing "hunting licenses" for better deals. However, the CR survey notes that by 1995, about 60% of warehouses are expected to do the majority of their buying through groups. "It is clear," the CR survey reported, "that program groups are expected to be the wave of the future in the aftermarket distribution pipeline with program groups approximating the strength of manufacturers."

Working Together

Greg Stout, CR Service's vice president of sales and marketing for the vehicle aftermarket said, "It's no secret that the market's consolidating. People that existed at the margin are finding it more difficult today. There's an oligarchy forming up of groups and strong players within groups. Part of the trick for suppliers involves understanding the business and working with them.

"Some of it involves discounts and better pricing, but it begs the question of value-added services and understanding. You need to create a shared vision of the future to work together and succeed. For a long time, suppliers and WDs have had an adversarial relationship. That's got to go. There's not enough profit left in the market for inefficiencies and mistakes."

One value-added service that's becoming standard in the traditional market is better inventory management by both suppliers and WDs. According to Anton, the average WD's inventory has grown from about 65,000 SKUs in 1984 to 90,000 in 1989. And, of this inventory, only a few numbers are fast movers.

Speaking at a Motor Equipment Manufacturers Association (MEMA), Englewood Cliffs, NJ, seminar in 1988, Dan Sussen, owner of Sussen Inc. stores, Cleveland, noted that he stocked 98,651 SKUs. But 8,410 SKUs accounted for 80% of sales.

Evans said it was simply a matter of a "smarter buyer. He's more aware of the true costs of inventory. He has more information so reps can't play games with him. The computer has it right there."

Just-In-Time Supply

Is there pressure on the supplier? "Sure," said CR Service's Stout. "Logistics are very important. We replenish accounts on a short term regular basis. The key is predictability. We'll set up a lead time. They'll build inventory and safety stock based on that. And we better hit the date or else."

Stout suggested one of the major value-added services suppliers could offer was information. "We've got to be smarter about what we sell. Conduct on-going surveys of field data, reports by part number and customer. Now, that's giving the WD information. Look at the market, look at the target jobbers, retailers, wholesalers, amount of imports, four-wheelers, and say, what can we sell?"

"There's a lot of pressure to supply the product just-in-time," Marty Zwolan, administrator of warehouse sales, AC-Delco, Detroit, noted. "We deliver more frequently. Computer ordering fosters that. The supplier does the inventory management. That's the essence of our battery program: weekly deliveries to jobbers and installers on behalf of the WD."

In Torrance, CA, Dan Lieberman at NGK Spark Plugs, said it's a real challenge since some NGK inventory must

HOW JOBBERS WILL ORDER FROM WDS IN THE 1990s

A study by CR Services for CR Industries, Elgin, IL, predicts that computer/FAX ordering from jobbers to WDs will increase from 22% of all orders now to 56% in 1995.

Order Entry Method	% Total Orders Now	%Total Orders 1995
Phone	49%	25%
Computer/FAX	22%	56%
Outside Salespeople	14%	6%
Telemarketing	7%	6%
Customer Walk-In	7%	6%
Mail	1%	1%

Source: CR Services

WHAT WDS WANT FROM THEIR SUPPLIERS

A study by CR Services for CR Industries, Elgin, IL, looked at what WDs want from their suppliers. Here are the top five services WDs will want from their suppliers in the 1990s.

1. Shorter lead times. Panelists predicted the number of days between order placement and receipt of products would shrink from 12 days to 8.
2. Fill rates in the 95-97% range.
3. The willingness to accept returns. Returns will increase from 13% to 14%.
4. Dated/flexible pricing.
5. More direct shipments.

Source: CR Services

come from Japan. "The onus is on us to provide the proper fill. You have to be in the 90-95% range and we aim for 95-97%. But how do you tell a customer's habits in some cases six months from now? It's hard to do with some of our facilities offshore. With 90 days you know you need X amounts. But what if the order changes? The next order is already behind."

And at Wix, which services the largest programs with filters, merchandise manager Bob Goldston said, "NAPA, Big A, Carquest, they all have automatic ordering for new items. So if you come out with a new number, you better have it ready."

And what is the biggest complaint among suppliers about their WDs? "By and large, WD sales people are a lazy lot," one supplier said off the record. "If you want sales increases, you make it happen. Our salespeople are out at jobbers writing orders for the WD all the time. It's become a necessary evil. If our people worked for the WD, the WD would owe them a lot of money. What would happen if manufacturers didn't provide this service? We provide the supply and now we're expected to create the demand." ■

KAUFMAN ON THE MARKET

How To Be A Retail Wholesaler

By Edward L. Kaufman,
Contributing Editor

Today, many WDs and jobbers are convinced that technological and demographic changes will mean slower growth for the retail side of the business. So, they are re-dedicating themselves to their traditional wholesale business. These jobbers have not turned their backs on the retail customer, but they are devoting more effort to building their wholesale business. This includes making slower moving parts available and paying attention to training programs.

This leaves open the question of whether auto parts *retailers* should make an effort to make more sales to professional installers. The whole topic many simply be a case of watching the aftermarket pendulum moving in the opposite direction.

A Bit Of History

In the 1970s, parts jobbers used to talk about walk-in customers and how to get more of them. "Walk-in" is the name they applied to a civilian—a DIYer. Jobbers were in business to sell to professional installers—the gas stations, garages and car dealers' service departments of the world. These customers expect broad coverage, prompt availability, knowledgeable countermen, credit and delivery service.

But, if a non-professional came in and paid cash—well, why should any jobber be hostile to money on the counter? After a while, jobbers saw that that the retail customer was much more profitable. DIYers would pay higher prices and mark-ups, no credit and no services; just cash and carry.

Starting about 1974, thousands of gas stations and car dealers closed up, leaving a smaller base of wholesale customers for jobbers. At that point, jobbers decided to aggressively go after retail business and became, in the process, jobber/retailers.

Now, the pendulum is swinging in the opposite direction. As we said, jobbers are re-dedicating themselves to wholesale business. So, what about retailers?

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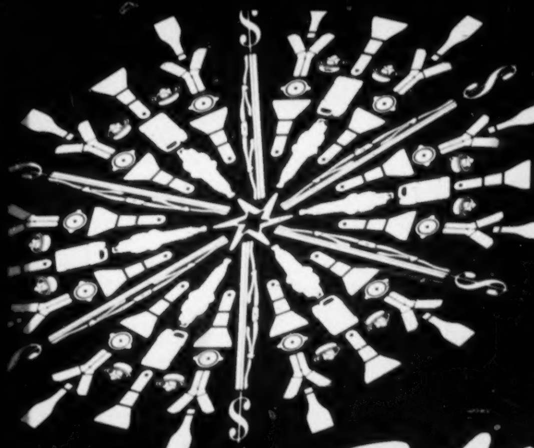
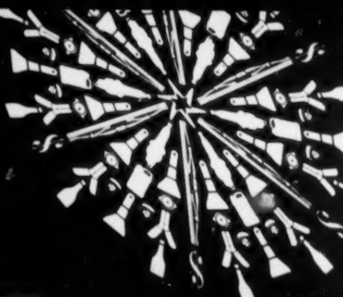
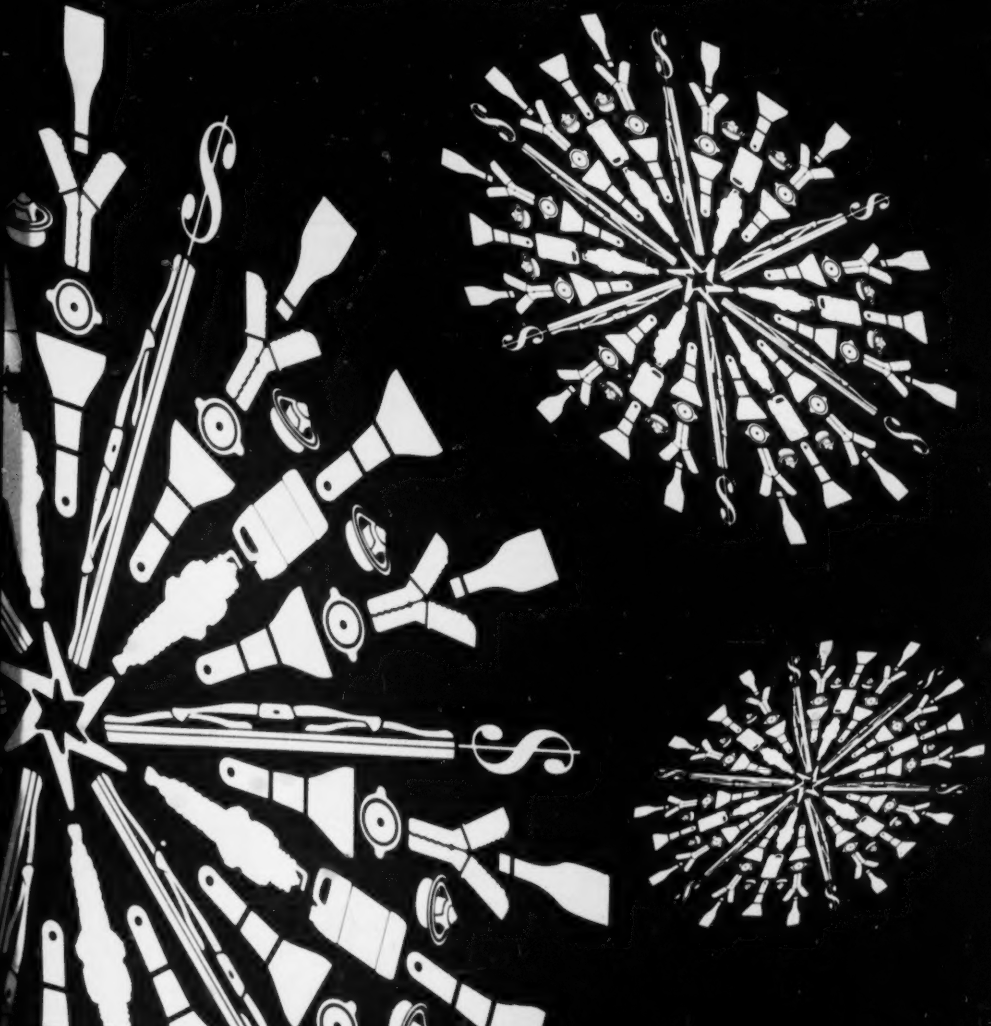




FALL & WINTER SELLING GUIDE



Despite all the good signs, some retailers aren't wholly optimistic about the rest of 1990.

by **Phil Katcher,** Business Editor, &
Gail Krueger-Nicholson, Managing Editor

All signs point to the rest of the year being good, if not actually great, for the retail aftermarket.

After all, government figures indicate that producer prices rose 0.3% in May for the first rise in three months of decline. According to the Mortgage Bankers Association of America, late mortgage payments are at their lowest level in a decade, an indication of the fact that the public seems to have money available.

You would, therefore, expect this good news to spill over into the retail aftermarket. And, for many retailers, it has. "We are having a decent increase in sales," reports Johnny Saulmor, J&N Auto Parts, Thornton, IN. But all is not optimistic as some retailers see signs of a minor recession and other grapple with the question of whether there is really a distinct fall/winter selling season anymore.

Wet Weather Helps

Last year retailers generally were singing the blues about past mild, dry winters that cut sales of cold weather-related products. They wanted colder temperatures. In the first months of last winter, their prayers were answered, but as the winter dragged on, snow turned into rain.

Nevertheless, this was still a blessing. Midwestern retailers whose sales had been seriously damaged by the previous three dry years welcomed the rain. Before it began falling, farmers's disaster relief claims were running at the rate of $150 million a month.

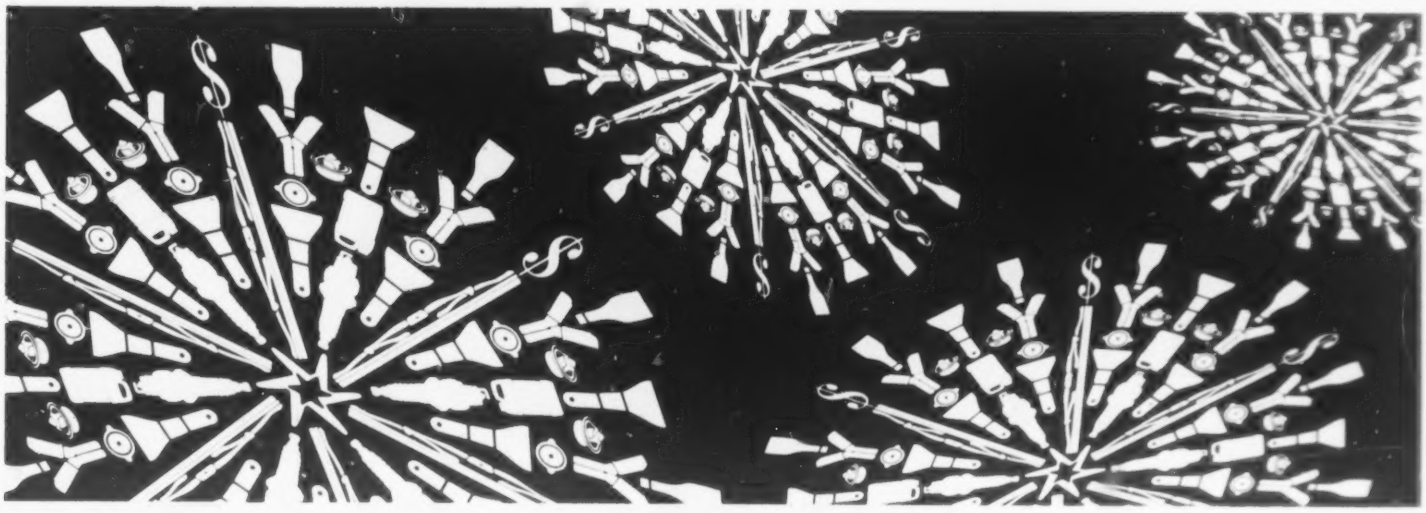
"With taxes going up and no rain," Ray Downing, Ray's Auto Supply, Seneca, KS, told *Automotive Marketing* last winter, "the farmers aren't going to be able to afford the things that need to be done on their cars."

Now, however, the first steady rainfall in the Midwest in several years has helped much of the aftermarket. "Business is up 15% over last year," said Downing when *Automotive Marketing* revisited him. "Wet weather helps. Maybe the farmers will raise a crop this year and have more money to spend."

Or does wet weather help? Perhaps not everywhere. In some areas, such as Illinois, there are reports that wet weather has delayed planting and damaged crops already in the ground. Said Norm Meinke, 2-M Auto Supply, Lowell, AR, "It has been so wet here that it is hard to determine what will come next."

Looking For Bad News

But, even with the good news about the



economy and weather, people seem to be looking over their shoulders, watching for the bad times they just seem to expect after a steady decade of prosperity.

According to the Department of Commerce, the country's Gross National Product (GNP) for the first quarter grew only 1.9%, the second slowest growth rate in three and a half years. At the same time, DOC announced, the inflation rate was 6.4%. Meanwhile, retail sales declined three months in a row, ending in May with a 0.7% decline for that month. And, the Conference Board's index of consumer confidence was 106.7 in May, down ten points from a year earlier. So, while the early 1990 economic indicators were mixed at best, they didn't indicate a tremendous growth spurt.

And, many aftermarket retailers already see this slow growth rate. Said Thomas Ingram, Ingram Auto Parts Inc., Winston-Salem, NC, "Business is going to be a slow growth." This is an improvement, however, for his area of the country. A year ago, he said, sales were running some 5% behind the year before that.

Slow, or even negative, growth isn't limited to any one area of the country, such as the oil-producing areas, as with

HOW MANY DIYERS PREPARE THEIR VEHICLES FOR WINTER

We asked retailers what percentage of their customers actually prepared their vehicles in some way for winter weather in 1985 and this year. On the whole, retailers don't believe that vehicle maintainers are any better prepared than they were five years ago – possibly even less so.

	■ 1990	□ 1985
Over 75% Prepare	14%	29
50-74% Prepare	30	32
25-49% Prepare	30	19
Under 25% Prepare	26	20

■ 1990
□ 1985

Source: 1985 & 1990 *Automotive Marketing* Retail Panels

ANTIFREEZE & WINTER CHEMICALS

Over the past two winters, retailers have seen antifreeze/coolant go from an easy to a not-so-easy sale due to rising prices. When the cost of the main antifreeze ingredient, ethelene glycol, jumped so did retail prices. And antifreeze sales took a tailspin. *Nevertheless, retailers are a bit more* optimistic about potential antifreeze sales this fall/winter selling season than last.

Richard D. Dudley, Northstar Auto Supply Inc., Dansville, NY, reasoned that sales of antifreeze will be better because customers have postponed flushing their radiators due to previous high prices. This year, they really need to do so, he said.

Art Badgley, Art's Precision Automotive, Godfrey, IL, said sales will not be as good because people will still fail to change their antifreeze. But, he added, that leads to more sales of replacement cooling system parts.

Antifreeze sales are still price sensitive. Gene Krupa, Dick's Automotive Co., St. Michael, PA, said, "Price will have a lot to do with sales. Discounters make this sale hard for me to get." He added that rebates from manufacturers help a little.

Winter chemicals, on the other hand, are seen as strong sellers. J. L Van Ryckeghem, Western Auto, San Pedro, CA, said "Due to better awareness of the importance of the proper use of winter chemicals, I believe customers will buy more of these products."

ANTIFREEZE/COOLANT & CHEMICALS SALES

We asked our Retail Panel members if they expected sales of antifreeze/coolant and chemicals to be better this fall/winter selling season than last year, or not as good.

Sales Will Be Better Than Last Year	68%
Sales Will Not Be As Good As Last Year	32

Source: 1990 *Automotive Marketing* Retail Panel

ANTIFREEZE/COOLANT & CHEMICALS BRANDS

We asked our Retail Panel members how many brands of antifreeze/coolant and chemicals they carry.

One Or Two Brands	32%
Three To Five Brands	44
Six Brands Or More	24

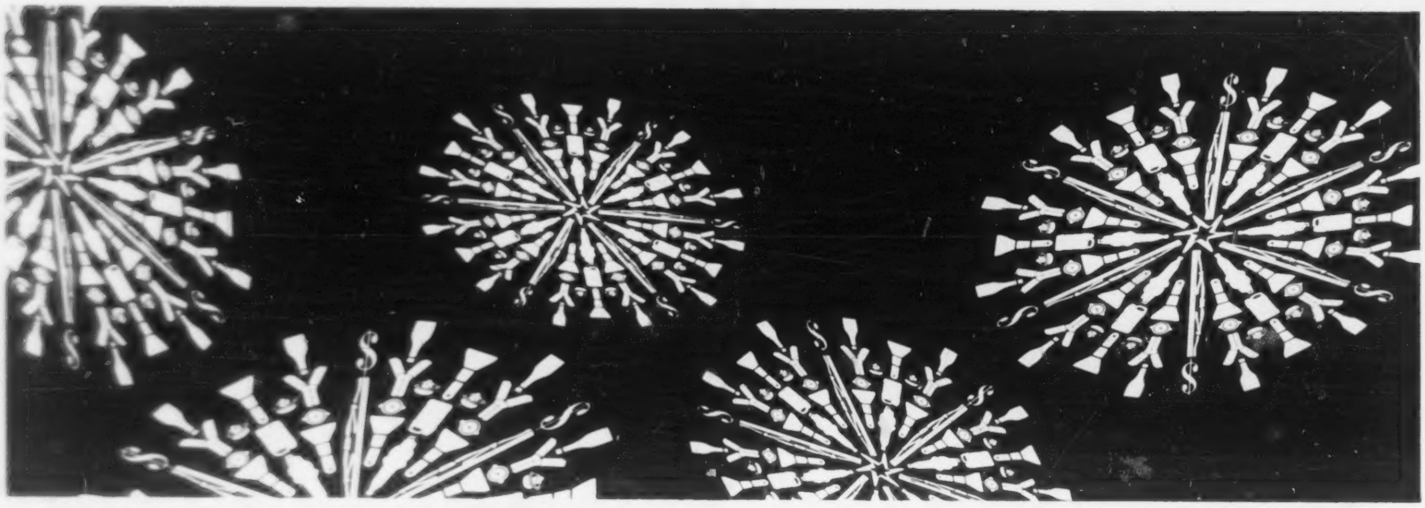
Source: 1990 *Automotive Marketing* Retail Panel

WHAT DOES THE FUTURE HOLD?

We asked retailers whether they expected a better fall/winter selling season than the previous year both in 1985 and again this year. Retailers were more optimistic in 1985 than today.

A Better Season In 1990	68%
A Better Season In 1985	79

Source: 1990 *Automotive Marketing* Retail Panel



previous slow-downs. In Texas, for example, David Carter, Ken's Auto Parts, Mesquite, isn't happy about the first half's sales results. When asked about the rest of the year, he said, "I hope it gets busier than it has been."

On the East Coast, a survey issued in June by National Westminister Bancorp, New York, of top CEOs of mid-sized companies predicted hard economic times in the near future in New England and the New York/New Jersey/Connecticut areas.

And, in the South, said Lewis Edwards, owner of a Western Auto Auto Associate store in Pahokee, FL, "I believe the government is not aware that a hopefully minor recession started a year ago."

Prediction By Product Lines

Nevertheless, in general, retailers report that the aging auto population and favorable weather conditions give them some confidence in sales for the upcoming fall/winter selling season. Many retailers noted that when it comes to specific product lines—cooling systems parts were mentioned most often—increased vehicle age means more replacement sales. Also, many of the members of our Retail Panel added that their DIY customers are no longer intimidated about working with relatively new technology such as fuel injection. "We think that these parts have been around long enough that they will need replacement and people are not afraid to replace them. This means more sales," 2-M's Meinke said about fuel injection parts.

When it comes to other traditional fall/winter products lines, Retail Panel members have mixed feelings. The jump in antifreeze/coolant prices over the past year has made some retailers gun-shy about the sales potential of this product

WHEN RETAILERS BUY

We asked retailers by month they'd finished making their fall/winter buying decisions. Most will be done by next month.

June	10%
July	10
August	18
September	48
October	15

Source: 1990 *Automotive Marketing* Retail Panel

BATTERIES & BATTERY CHARGERS

Saying battery and battery charger sales depend on the weather is as obvious as saying the sky is blue. But, according to manufacturers, it is still just as true.

"Battery sales are like merchandising 101," one manufacturer told us. "Display them, advertise them, and if the weather cooperates they will sell."

Retailers agree. But they add that the age of the vehicles in their market area and how they promote these products also impact battery and charger sales.

Jerry Rebele, Sav-On Auto Parts, Little Neck, NY, said, "Batteries in our area sell well due to extreme climate fluctuations and should do even better this year as cars become older." He said he will use window signs to promote batteries and chargers.

W. H. Crook, Graves Auto & Home Stores Inc., Pine Bluff, AR, added, "Sales of these products should be good because of the number of older vehicles on our roads." He will use sales tabloids, direct mail, and radio to promote batteries and chargers. He also said he wants to see more national advertising from the manufacturers.

Ray E. Downing, Ray's Auto Supply Co., Senecca, KS, said "Sales depend on how well they are promoted and how severe the weather is." Downing said he uses in-store signs to promote batteries and chargers.

BATTERIES & BATTERY CHARGER SALES

We asked our Retail Panel members if they expected sales of batteries and battery chargers to be better this fall/winter selling season than last year, or not as good.

Sales Will Be Better Than Last Year	76%
Sales Will Not Be As Good As Last Year	24

Source: 1990 *Automotive Marketing* Retail Panel

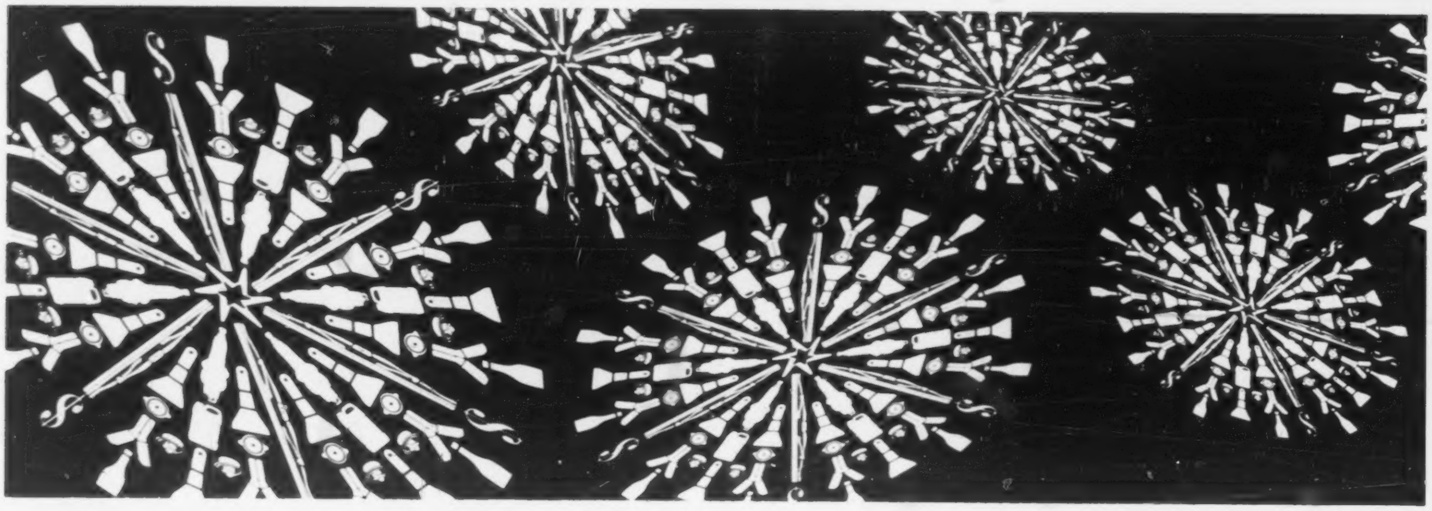
No matter what promotion they use, retailers still agree weather is the biggest factor in selling batteries and chargers. Fred Holzum, Sears, Cape Girardeau, MO, reported, "I don't believe the sales will be as good as last year. We sold $16,000 worth of batteries in three days due to extreme weather. That will be hard to beat."

BATTERIES & BATTERY CHARGER BRANDS

We asked our Retail Panel members how many brands of batteries and battery chargers they carry.

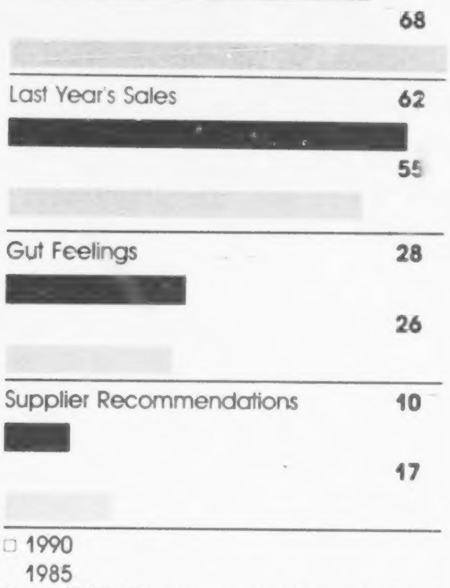
One Or Two Brands	76%
Three To Five Brands	24
Six Brands Or More	0

Source: 1990 *Automotive Marketing* Retail Panel



HOW RETAILERS BUY

We asked retailers what factors were most important in determining how much they will buy in fall/winter products in 1985 and again this year. Buying patterns seem little different today than in 1985.



Source: 1985 & 1990 *Automotive Marketing* Retail Panels

category. However, as Richard Dudley, Northstar Auto Supply, Dansville, NY, put it, "Customers have postponed cleaning radiators because of high antifreeze prices. And now, they're overdue to do it." Most of our Retail Panel members said they believed sales of other winter chemicals will be stronger, however.

As always, the retailers see the sales of batteries and battery chargers as being very weather dependent. Fred Holzum, Sears, Cape Girardeau, MO, said, "I don't believe the sales will be as good as last year. We sold $16,000 worth of batteries in three days due to extreme weather. That will be tough to beat."

The bright spot for many retailers this fall/winter selling season will be wiper blades and blade accessories. Almost all of the Retail Panel member said they expected sales of these products to be strong. (For more comments on specific product lines, see the sidebars with this story.)

We asked our Retail Panel members how they intended to promote traditional fall/winter products and what manufacturers could do to help them improve sales. Newspaper inserts and radio spots continue to be the favorite way of promoting seasonal products for most Retail Panel members. However, many of them said they would increase their use of in-store point-of-sale materials.

For the most part, our Retail Panel members were satisfied with the promotional efforts of the manufacturers for the fall/winter selling season. However, some of them asked for more technical information on cooling system parts and fuel injection parts.

Making Other Predictions

While some retailers are optimistic, others have just given up trying to predict upcoming season sales.

For example, asks one, is there a distinct fall/winter selling season? Not according to Art Badgley, Art's Precision Automotive, Godfrey, IL. "If the four

COOLING SYSTEM PARTS

Cooling system parts—heater cores, control valves, fittings, blower motors, belts and hoses, and other items—are favorites of retailers this fall/winter selling season because of their replacement potential. Cooling system parts makers are also predicting strong sales this fall/winter season. And one manufacturers told us his company plans to offer an extensive program of retail sales training on cooling system parts.

As with other seasonal products, retailers say weather and the age of vehicles in any given market area are key factors to selling cooling system parts.

Ray E. Downing, Ray's Auto Supply Co., Senecca, KS, said sales of cooling system parts are very dependent on the weather. And he added that manufacturers need to provide more data on the use of their products.

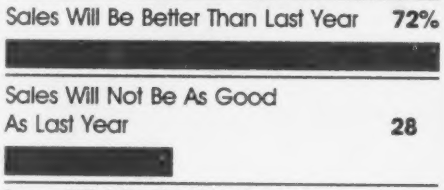
Frank Johnson, Lacey Automotive Parts Co., Soledad, CA, said "I will sell more hoses and belts because of heat problems on newer cars."

Jim Foley, Foley's Auto Parts, Alden, NY, said sales will be better because people are not buying new cars and the older cars need these replacement parts.

J. L Van Ryckeghem, Western Auto, San Pedro, CA, agrees. He said "With more cars on the road and higher new car prices, the five year old and older car is ready for these replacement parts."

COOLING SYSTEM PARTS SALES

We asked our Retail Panel members if they expected sales of cooling system parts to be better this fall/winter selling season than last year, or not as good.



Source: 1990 *Automotive Marketing* Retail Panel

COOLING SYSTEM PARTS BRANDS

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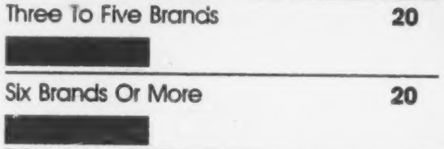
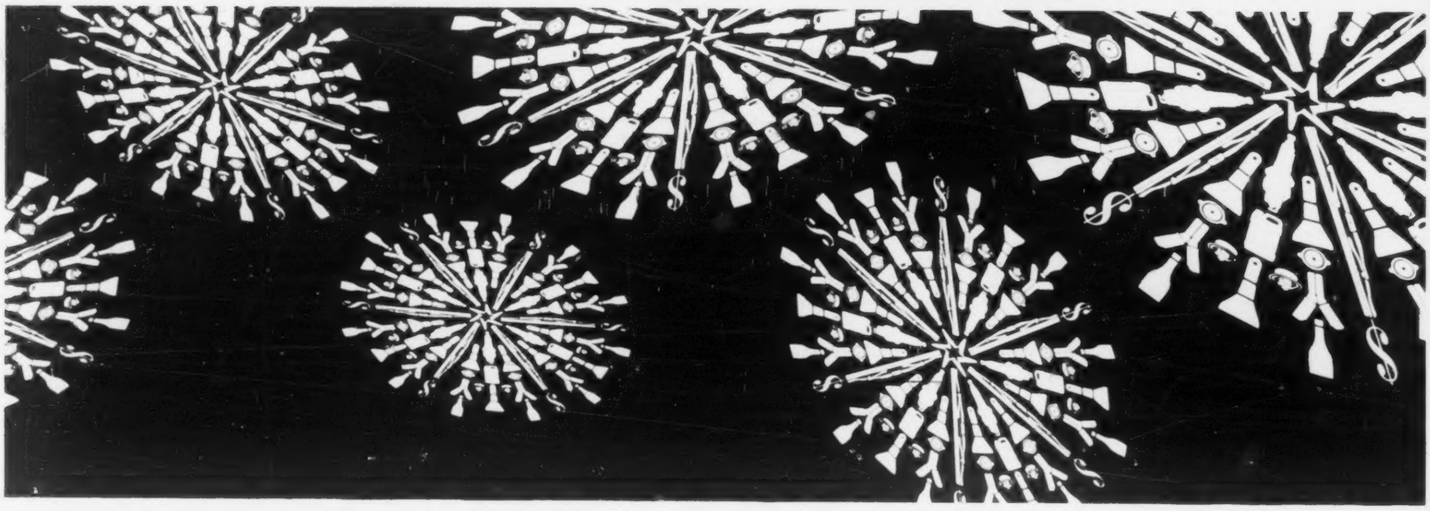


Source: 1990 *Automotive Marketing* Retail Panel



seasons were clearly defined again," he said. "I could stock for the correct season. I sell sun tan lotion in December and antifreeze in May. It's crazy." A year ago Badgley told us that he thought the economy was on a down-trend.

At the end, says Tom Hendricks, Champion Auto Stores, Forest Lake, MN, sums up the problem most aftermarket retailers admit to. "I hope," he says, "the rest of the year's more predictable than the first half." ■

IGNITION & FUEL INJECTION PARTS

Fuel injection parts are no longer a mystery for retailers or consumers. And that is good news for this fall/winter selling season. Jerry Rebele, Sav-On Auto Parts, Little Neck, NY, said, "Sales of these are already up due to the number of F.I. cars introduced in my market." He will use window signs to promote fuel injection parts and thinks the manufactures should advertise more often.

J. L Van Ryckeghem, Western Auto, San Pedro, CA, agreed. He said, "Every year in recent past, sales of these products have increased and the future looks promising."

W. H. Crook, Graves Auto & Home Stores Inc., Pine Bluff, AR, added, "Sales should be good as our auto owners are keeping their autos longer and doing more maintenance on them." He wants makers to offer rebates on fuel injection parts.

IGNITION SYSTEM & FUEL INJECTION PARTS SALES

We asked our Retail Panel members if they expected sales of ignition system and fuel injections parts to be better this fall/winter selling season than last year, or not as good.

Sales Will Be Better Than Last Year	84%
Sales Will Not Be As Good As Last Year	16

Source: 1990 *Automotive Marketing* Retail Panel

IGNITION SYSTEM & FUEL INJECTION PARTS BRANDS

We asked our Retail Panel members how many brands of ignition system and fuel injection parts they carry.

One Or Two Brands	64%
Three To Five Brands	20
Six Brands Or More	16

Source: 1990 *Automotive Marketing* Retail Panel

Frank Johnson, Lacey Automotive Parts Co., Soledad, CA, said he will use more POS displays to let his customers know he carries fuel injection parts.

Despite the optimism, both Johnson and L. S. Wilson, C.W. Douglas Inc., Buzzards Bay, MA, believe manufacturers need to provide more training material on fuel injection parts for retailers and consumers. Johnson wants clinics from manufacturers to update his information. And Wilson said, "This market is changing and we need technical training from the manufacturers of these products."

WIPER BLADES & BLADE ACCESSORIES

Wint~~er wiper bl~~ades—the blades made of extra heavy materials encased in rubber boots—gain popularity each year, according to the manufacturers. The blades are designed to help drivers fight the snow and ice build-up that is common with ordinary blades. And the consumers like the idea. Total winter blade sales for the industry were at seven million units in 1989, up from 5.9 million units in 1987, according to one maker.

WIPER BLADES & BLADE ACCESSORIES SALES

We asked our Retail Panel members if they expected sales of wiper blades and blade accessories to be better this fall/winter selling season than last year, or not as good.

Sales Will Be Better Than Last Year	76%
Sales Will Not Be As Good As Last Year	24

Source: 1990 *Automotive Marketing* Retail Panel

WIPER BLADES & BLADE ACCESSORIES BRANDS

We asked our Retail Panel members how many brands of wiper blades and blade accessories they carry.

One Or Two Brands	84%
Three To Five Brands	16
Six Brands Or More	0

Source: 1990 *Automotive Marketing* Retail Panel

Between the increased sales of winter blades and the increased accessorizing options offered by colored blades in milder weather, retailers are enthusiastic about the product category overall. Besides, Gene Krupa, Dick's Automotive Co., St. Michael, PA , added "Sales will be up because people replace them more often. Manufacturers' advertising has helped here a lot."

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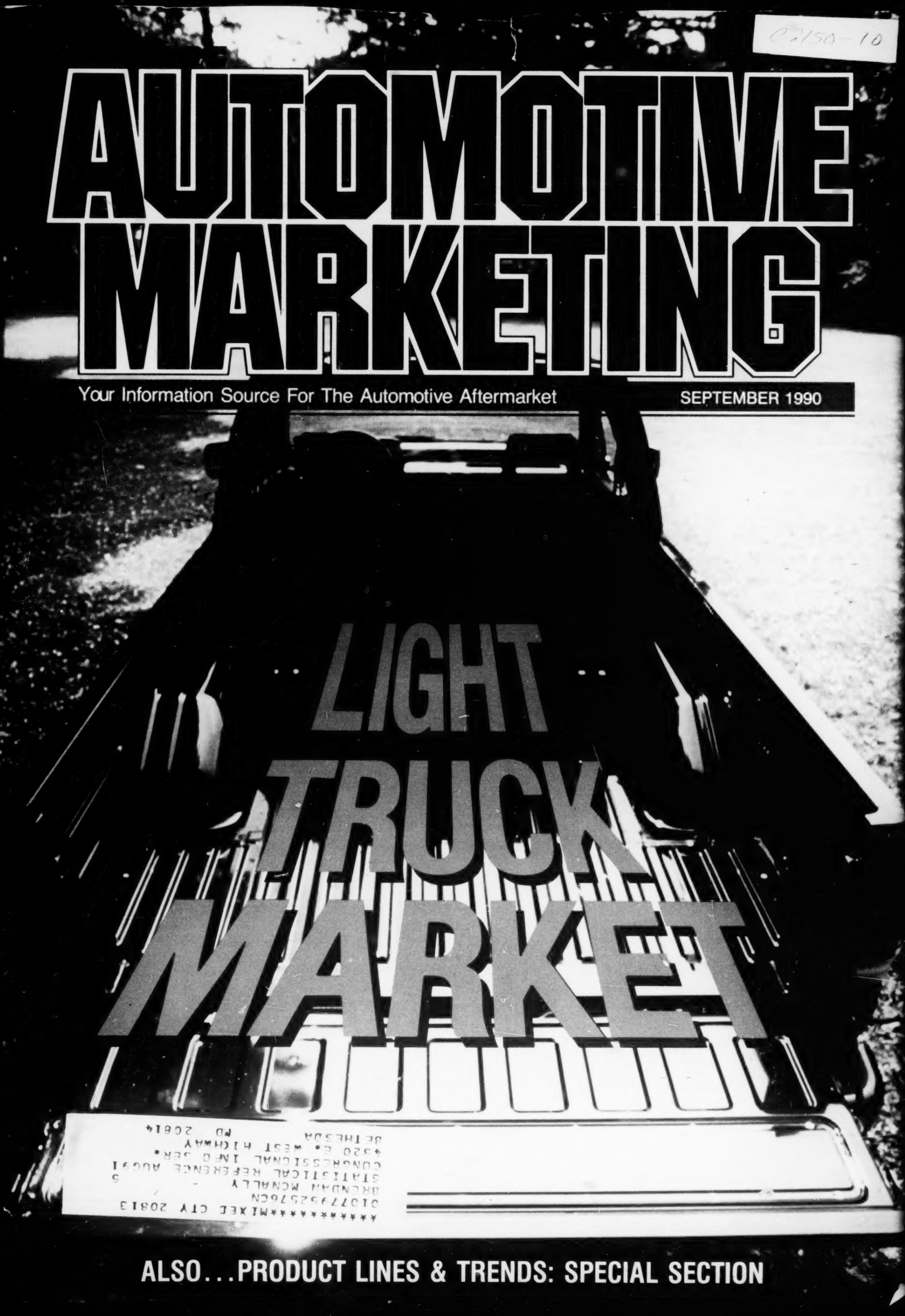

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1990 Sept Vol 19, No 9

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The light truck market booms along—both with OE sales of trucks and with aftermarket sales of accessories and equipment for light trucks. Here's a look at this growing and profitable segment of aftermarket sales.

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MARKET LINE

TRADE SHOWS

ASIA/MEMA/SEMA Team Up In Vegas. How It Happened.

The May 10 announcement that the Automotive Service Industry Association (ASIA), Chicago; Motor Equipment Manufacturers Association (MEMA), Englewood Cliffs, NJ; and the Specialty Equipment Market Association (SEMA), Diamond Bar, CA, would hold their shows concurrently in Las Vegas came as a surprise to some in the industry. ASIA and MEMA co-sponsor the Big "I" Show and SEMA sponsors the joint SEMA/Auto Internacional Show annually.

Most talk of show consolidation centered around a joint Automotive Parts & Accessories Association (APAA) and Big "I" Show. However, SEMA, MEMA, and ASIA had been discussing various cooperative efforts for some time. Actual discussions of a side-by-side show began with a conversation last summer between SEMA president Chuck Blum, and ASIA president John Nerlinger.

"We started talking to SEMA about their participation in Automechanika and other European Shows," Nerlinger remembered. "And, after several meetings, it seemed like a good idea. At the same time, we had been talking about a side by side Eastern Show with SEMA for over a year."

And one day, Nerlinger casually asked Blum whether he'd ever thought of holding the SEMA show side by side with the Big "I" show.

"No, I really haven't," Blum said to Nerlinger.

"Well, maybe we ought to talk about it," Nerlinger said.

"I'll get back to you," Blum said.

"When I brought it up to the SEMA Board, a lot of heads came up," Blum told *Automotive Marketing*. "In all honesty, nobody had ever even considered it. But the more we thought about it, it started to make sense. So, the Board told me it wouldn't hurt to talk about it some more."

So Blum, Nerlinger, and MEMA president Bill Raftery all met again during last

APAA SHOW

Buyer Registration Up; Toll Free Registration Open

The 1990 Automotive Parts and Accessories Association (APAA) Show, which will run from October 23-25 in Chicago's McCormick Place, is about a third of the way toward its expected 10,000 automotive buyers, according to APAA Show Committee chairman James Minarik of Sparkomatic Co., Milford, PA.

Minarik said the strong buyer registration confirms that the APAA Show is the show of choice for automotive retailers and mass merchandisers. Being the only aftermarket show in Chicago in 1990 is one reason traditional buyer attendance will be higher in 1990 than in 1989, Minarik added.

The APAA is offering buyers and all those wishing to pre-register the chance to do so by phone until early October. A toll free call to APAA 1990 at 800-654-0532 will simplify registration, avoid waiting in line at McCormick Place, and eliminate a $10 on-site registration fee.

Registration is available from 9 a.m. to 5 p.m. (CDT), Monday through Friday.■

SHOW SCHEDULE: 1990-1994

1990

Date	Event	Location
October 10-12	SEMA/AI	Las Vegas
October 23-25	APAA	Chicago

1991

Date	Event	Location
February 26-28	Big "I"	Chicago
October 7-10	APAA	Chicago
November 20-22	SEMA/AI	Las Vegas

1992

Date	Event	Location
April 7-9	Big "E"/SEMA East	Atlanta
October 1-4	APAA	Chicago
November 18-20	Big "I"/SEMA/AI	Las Vegas

1993

Date	Event	Location
February 23-25	Big "E"/SEMA East	Chicago
October 18-21	APAA	Chicago
November 17-19	Big "I"/SEMA/AI	Las Vegas

1994

Date	Event	Location
April 19-21	Big "E"/SEMA East	Atlantic City
October 17-20	APAA	Chicago
November 16-18	Big "E"/SEMA/AI	Las Vegas

Source: *Automotive Marketing* from APAA, ASIA, MEMA, SEMA

November's Automotive Warehouse Distributor Association's (AWDA) Conferences in Las Vegas. "The more we talked, the more viable it got," Blum said.

A Long Relationship

The new negotiations were building on the basis of an established relationship. The relationship began in April 1987 at the first SEMA East Show, held on Piers 88 and 90 in New York City. The show did not do as well as expected. Heavy rains, almost a monsoon for those of us who went, held total attendance to 5,320. Even Blum called it a disaster. Raftery, MEMA president, recalled that he chatted with Blum at that show and "we kept talking. That ultimately led to more discussions."

The upshot of the discussions was that SEMA wanted jobbers, and the Big "E" had jobbers. And the Big "E" could use the exciting products and suppliers, things SEMA could deliver.

Shortly after the New York Show, Blum phoned Gary Showalter, vice president and managing director of Hall-Erickson, Clarendon Hills, IL, the managers of the Big "I" and Big "E" Shows, and inquired about the prospect of SEMA East combining with the Big "E" show scheduled in Atlantic City, NJ, in April 1988.

"After Chuck called," Showalter said, "I brought it up to the JOC (the Joint Operating Committee that runs MEMA/ASIA events). But, unfortunately, due to the limited facilities in Atlantic City, we couldn't get it done. The Big "E" needed 140,000 square feet and SEMA needed about 40,000 additional feet. And the only space available, frankly, was such poor space I couldn't offer it. It's only a hall on the lower level. Basically, it's a garage. It floods during bad storms.

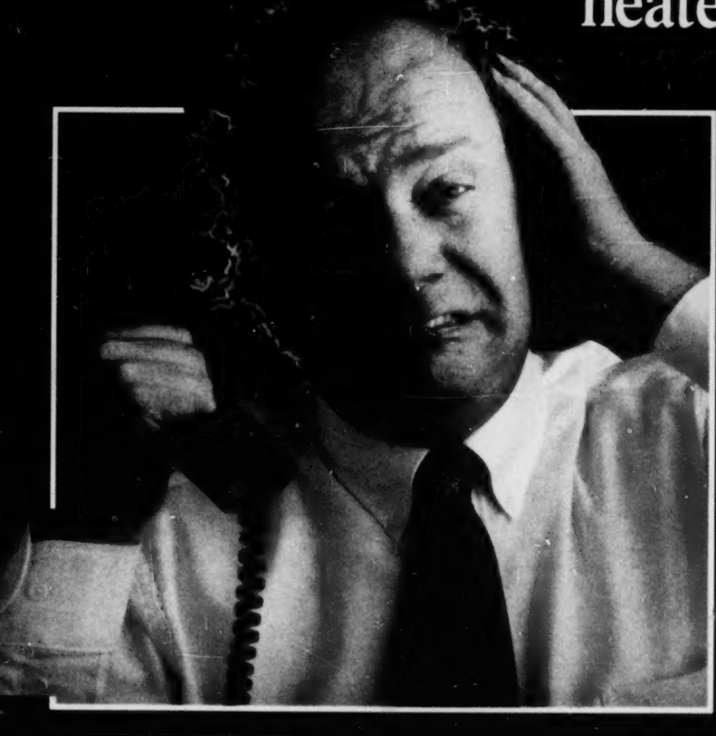
"But, we said, let's not forget the idea. So we talked about doing it in Philadelphia in 1990. But the space was still too small. Then we started pursuing Atlanta in 1992. Our committee said yes, and so did the SEMA Board. So I booked additional space. That was 1988 when I blocked out space in Atlanta for 1992."

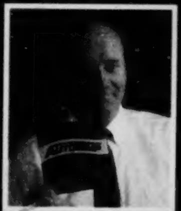
APAA Ad Hoc Committee

While the joint ASIA/MEMA/SEMA negotiations continued, an entirely different group of negotiators started up an APAA ad hoc committee chaired by Jim Thomas of Maremont, Chicago, that was set up in 1988 to examine show consolidation.

"We got some discussion started," Thomas said. "And once the genie was out of the bottle, it was hard to control. In December 1988 we convened another meeting in Chicago. John Reiss of the JOC and Jack Giebe of ASIA were there. There were 12 to 14 people there. No trade press was invited. We wanted to talk about what we needed to do to have a combined show. In our discussions, there were as many opinions as there were people. After the meeting, I put out minutes summarizing the various positions and we met again in March 1989.

"At that meeting, we only had seven or eight people. But they were all big companies. A power base. At that meeting it was suggested that rather than act on an ad hoc basis, we try to get MEMA involved in the discussions. There were several phone calls and letters to MEMA and they said basically, we'll get back to you. During 1989, I had numerous conversations between chairmen and board members of MEMA, SEMA and AWDA, but none in





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public."

While these ad hoc discussions continued, the talks between staff members of MEMA, ASIA, and SEMA continued planning the 1992 joint Big "E" and SEMA East Show in Atlanta.

Then in July 1989, when APAA was a little late deciding whether or not it would co-sponsor a pavilion at the German Automechanika, SEMA opened discussions with ASIA, MEMA, and the Overseas Automotive Club.

"We felt SEMA manufacturers deserved an opportunity to exhibit overseas, but SEMA was not financially able to deliver a pavilion by itself," Blum said. "So in August we started talking to ASIA, MEMA, and the Overseas Automotive Club about joining with their organization (the IASC) that does exhibits in Europe."

SEMA's joining the ASIA/MEMA pavilion provided one more link between the three associations.

Town Meeting

About the same time, August 1989, Thomas chaired a town meeting at the APAA show to publicly discuss consolidating trade shows. About 200 attended, and eight representatives of all segments of the industry spoke. Thomas staged an impressive display of documentation on exhibitor overlaps between the three major shows. Simply put, APAA exhibitors accounted for 14% of the space at SEMA and 48% of the space at Big "I." Thus, the logical pairing, which virtually all who attended agreed on, was Big "I" and the APAA.

"I don't know what you heard at that town meeting," Blum said to *Automotive Marketing*, "But I paid attention, and what I heard had an impact on me as president of SEMA. It was very clear, APAA didn't want to do a show with us, they wanted to do a show with ASIA and MEMA."

TRADE SHOWS THROUGH THE YEARS

This chart shows the number of exhibitors and booths for the three major trade shows over the past five years.

Exhibitors

Year	APAA	Big "I"	SEMA/ AI
1986	1,010	721	811
1987	1,066	801	863
1988	1,002	760	1,019
1989	920	686	1,142
1990	(Oct.)	689	(Oct.)

Booths

Year	APAA	Big "I"	SEMA/ AI
1986	2,800	2,410	2,096
1987	2,963	2,330	2,329
1988	2,838	2,306	2,910
1989	2,625	2,058	3,161
1990	(Oct.)	1,930	(Oct.)

Source: *Automotive Marketing* from APAA, ASIA, MEMA, SEMA

Blum said he also spoke with some "key" APAA Board members in private and they said they would not be interested in talking about another combined APAA/SEMA show. "So? Where else do we go?" Blum asked.

There were several meetings between the three chairmen in November and December. "The idea really just evolved," Raftery said. "Nobody was pushing it. No arrangements were made until we got serious. We held top staff meetings and as soon as we got down to serious planning,

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we brought in the volunteer leaders."

"The more we got thinking about a joint Big "I" and SEMA," Gary Gardner, director of planning and quality for automotive products, Du Pont Co., Wilmington, DE, said, "The more we thought, why not expand the whole thing? And that's when it really got complicated: space dates, reservations, our contract with PAS (Pacific Automotive Show). We thought we had it done, but then we really had to talk for a long time."

Two Negotiations

So now it's late 1989, and two unrelated groups are discussing combined shows. One with words and one with contracts. As reporters, we should have been suspicious when we saw SEMA and ASIA and MEMA staff people together at the SEMA Show in Las Vegas, and again later in February at the Philadelphia Big "E." Several staff members commented off the record to us then that SEMA was working to combine the SEMA East Show with the Big "E" show.

Although all three associations speak of regard for one another, lack of personality problems, and the synergies between SEMA and the Big "I," what really makes the two groups viable is the disparity between SEMA and ASIA/MEMA.

According to Showalter's data, the overlap in exhibitors between the Big "I" and SEMA Shows is only about 6%. About 80 companies. Almost none. With virtually no overlap, a Big "I"/SEMA show will not compete for exhibitors the way a side-by-side APAA/Big "I" Show would compete.

And make no mistake about it, money is a major factor. At $1,200 (APAA), $1,300 (SEMA), to $1,500 per 10x10 booth, the shows represent a major part of association's revenues. In 1989, APAA sold 2,625 booths, the Big "I" sold 2,058 booths, and SEMA sold 3,161 booths.

The planners for a concurrent Big "I"/SEMA Show expect a record number of buyers. "SEMA gets 15,000 buyers and we get 12,000 buyers," Nerlinger said. "So it's conceivable that we'll see 27,000 buyers in Las Vegas. It looks very reasonable. Exhibitors going to our show will have people going through the aisles that are not presently handling their lines. And, conversely, SEMA will have new buyers in their aisles. Both groups of buyers will have access to things that they have not considered before."

Resolution Time

Just about the time the ASIA/MEMA/SEMA members got down to putting their plans into contracts in January 1990, the APAA board of directors approved a resolution calling for just such a side by side show.

"The APAA is in favor of holding the APAA Show side-by-side with the Big "I" Show and any other industry trade event(s) that wish to participate," the Board said in a press release.

Speaking at a press briefing held in Chicago in March, APAA 1990 Show Committee Chairman James E. Minarik, Sparkomatic Corp., Milford, PA, said that the exhibitor overlap was greatest between the APAA and Big "I" Shows rather than APAA and SEMA, so APAA felt that the former are the two shows which might be most logically held at the same time.

"The bottom line is that APAA's position is now perfectly clear and unambiguous. We prefer and plan to have our show in the fall in Chicago which is when and where our members have clearly stated they want our show. In addition, we would welcome, and indeed would like to

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have, both SEMA and the Big 'I' Shows join us in Chicago in the fall and we have now contacted both SEMA and Big 'I', formally and informally, to express our position," Minarik said.

Whether or not other associations were contacted seems open to discussion. At the February Big "E" Show in Philadelphia, a full month after the APAA announcement, both Blum and Showalter told *Automotive Marketing* they had not been contacted by anyone from APAA. And Bill Raftery told the *AutoParts Report* that no one had contacted MEMA. However, Thomas did contact the elected heads of ASIA, AWDA, MEMA and SEMA in February.

Effects Of Clean Air

Thomas scheduled another ad hoc meeting with the elected heads of MEMA, ASIA, SEMA and AWDA for March 20, 1990 in Chicago. The meeting was to try to work out the differences between associations that had occurred over the Clean Air Act and the coalition formed to lead the aftermarket's fight against a proposed 100,000 mile warranty. Without getting into a lot of disheartening detail, the legislative struggle finally ended with APAA, SEMA, AWDA, and ASA supporting the eventual winning bill and MEMA and ASIA going down to defeat with the OE car makers.

"There was a lot of publicity about the division on the approaches to the Clean Air Act," Thomas said. "It was a very visible division. There were a lot of things said and unsaid. But I felt we should continue to talk. Let's find out about things we can talk about."

A week before March 20, the heads of MEMA, ASIA, and SEMA said they could not attend the meeting. "The next thing I knew," Thomas said, "It was May 10 and they were announcing the joint shows in Las Vegas. While we were meeting and moving forward in our ad hoc committees, there were other discussions not involving APAA. Those are facts."

The MEMA/ASIA/SEMA negotiators were all pledged to secrecy. "We were pretty well along by the time all that stuff appeared," Gardner said of the APAA releases. "Negotiations were really complicated. We already had five associations involved. Jim Thomas tried to get us all to sit down, but we knew it was so close. We were afraid the whole negotiation would blow up in our faces. We all felt very bad for Jim. But we were so far over the edge of the precipice."

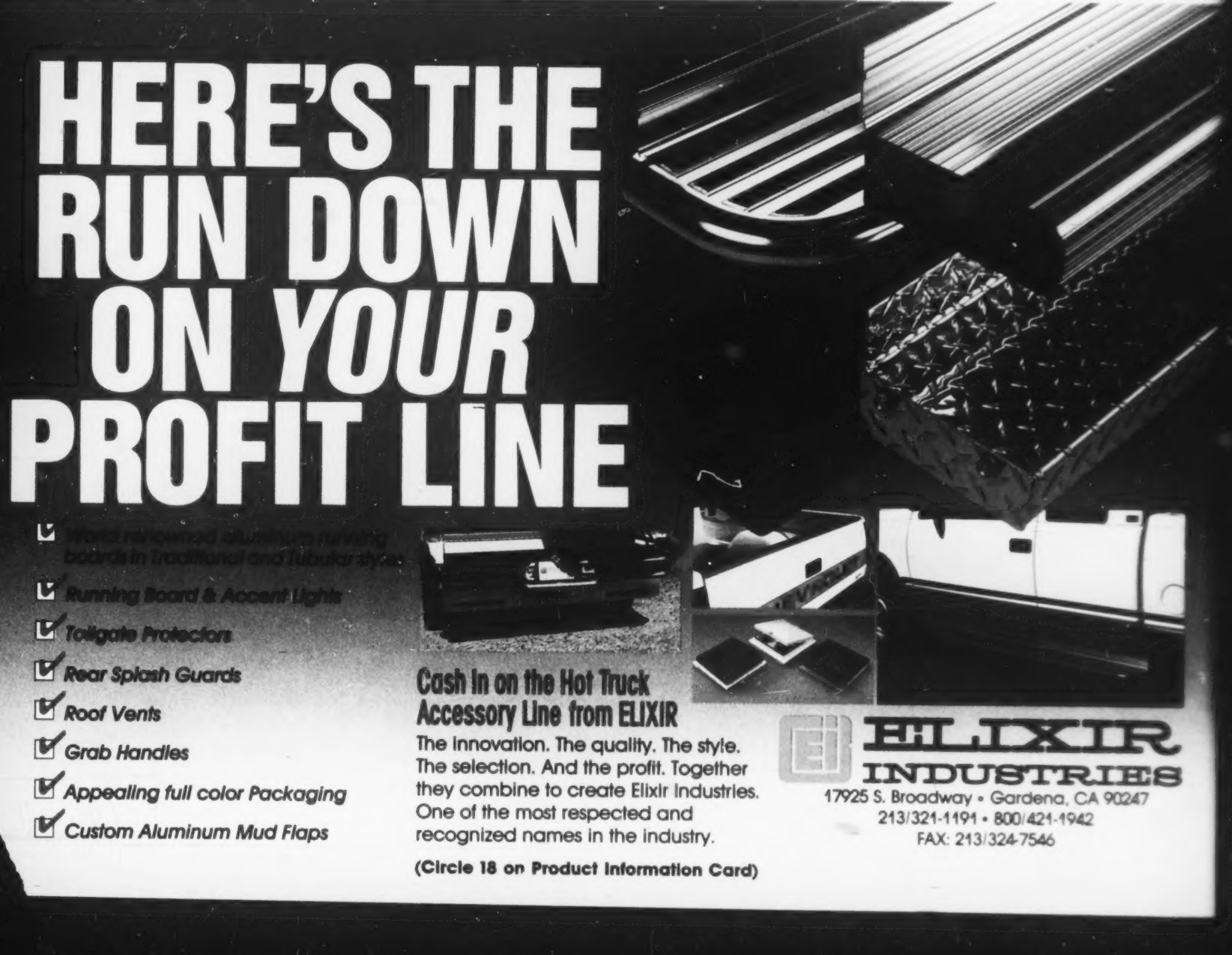
Side By Side Shows

And, on May 10, Gardner, Reiss, and SEMA chairman Michael Warn held a press conference to announce that starting in 1992, the Big "I" and SEMA shows would run concurrently in Las Vegas. The SEMA, ASIA and MEMA leaders also announced a schedule of SEMA East and Big "E" joint shows through 1995.

APAA president Julian Morris said that the ASIA/MEMA/SEMA announcement came as a complete surprise to APAA. "We never heard until May 10. It was a well-kept secret."

At a June 28 meeting, the APAA Board of Directors called the action by ASIA/MEMA/SEMA "regrettable and, even more (regrettable), the manner in which it was taken that excluded APAA and its membership from the process." Some Board members wanted to make the language stronger.

APAA's position is that show consolida-



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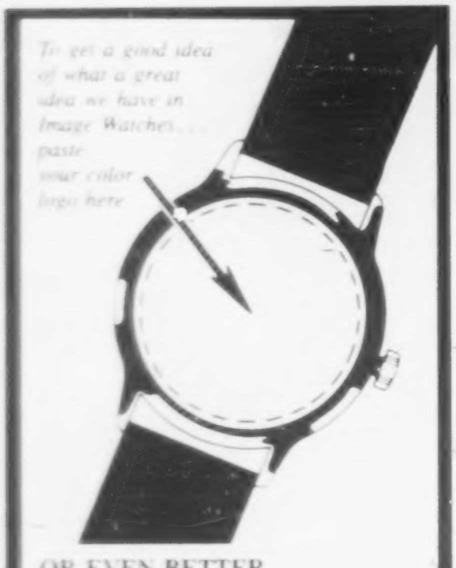

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tion remains to be accomplished. There are still three shows, though two will be held together. With the combined annual Big "E"/SEMA East show, buyers must attend four shows annually.

Morris told *Automotive Marketing*, "There's still a big component missing if there're only two components together. What's missing is APAA. Show consolidation means three components. So, we will continue to work on show consolidation." As to with whom, Morris noted that it was still possible to hold a joint Big "I" and APAA Shows in Chicago in fall 1991.

The ASIA/MEMA/SEMA position is that while the new show schedule may not be show consolidation in a strict sense, at least they've reduced the number of trips a buyer has to make to see all three major shows from three to two: Las Vegas for Big "I" *and* SEMA/AI, and Chicago for the APAA. The Big "E"/SEMA East show is a regional show for those unable to travel to Las Vegas.

In the meantime, the JOC for the new "Super" Show announced that it hopes that AWDA will hold its conferences during the Automotive Aftermarket Industry Week. Rosemary Hall, AWDA's director of meetings, said the association was currently "trying to work out the logistics. We need 200 or so suites."

The JOC is also trying to put together an AWDA-like program of conferences between suppliers and retailers for the show week.

About the only organization left out seems to be the Pacific Automotive Show (PAS), which had sponsored the Big "I" Show every other year in Las Vegas. However, a spokesman at PAS said that PAS would continue its regular February schedule of shows. The next is scheduled in Anaheim, CA, in February 1991. ■

GOVERNMENT AFFAIRS

APAA Charges Act Has Monopolistic Intent

During June hearings held by the U.S. Congress Subcommittee on Courts, Intellectual Property, and the Administration of Justice, the Industrial Design Anti-Piracy Act of 1989 came under strong attack by Julian C. Morris, president of the Automotive Parts and Accessories Association (APAA), Lanham, MD.

According to Morris, the act "cuts at the heart of the aftermarket parts and repair industry which Congress otherwise has steadfastly sought to preserve. We strongly urge its defeat."

Morris charged that the broad scope of the legislation, permitting a ten-year copyright on nearly any industrial design which is original and distinctive, would provide car companies with an "unprecedented and unwarranted extension of control from the original design of the vehicle to the sole production and distribution of replacement components for that vehicle," according to Morris.

"While APAA has always supported strong copyright and patent protection," Morris said, "Car companies could use broad design protection to claim ten-year dominion over replacement parts for every vehicle that rolls off the assembly line. Moreover, with exclusive knowledge aforehand of future designs, a car company could reserve a myriad of design variations so that its control of the monopolized aftermarket would be airtight and any ingenuity by independents would be strangled completely." ■

Study Shows DIYers Top Off Automotive Chemicals

Motor oil is the most often topped off chemical, according to a new consumer study conducted by FloTool Intl., Santa Ana, CA. Nevertheless, over three quarters of DIYers who bought motor oil also said they top off their power steering fluid, antifreeze/coolant, and windshield solvent as needed.

The study was conducted among buyers of motor oil at auto parts stores. Motor oil buyers there were asked what types of chemicals they added as needed to their car. The consumers were not actually shown any particular products during the course of the questioning.

According to FloTool's study, 88% of consumers interviewed said they topped off motor oil as needed, while 77% added power steering fluid from time to time. Three quarters of all customers topped off their antifreeze/coolant and windshield solvent. Transmission fluid was added by 72% of motor oil buyers, while 63% added water to their batteries. Finally, 46% reported adding additives to their motor oil when topping off.

Interestingly, 78% said they had problems with spills when adding motor oil even with plastic containers, while half spilled some power steering fluid. Some 38% each spilled power steering fluid and antifreeze/coolant, while only 22% spilled battery water. ■

Spark Plugs

81%

of DIYers preferred to install their own spark plugs and other ignition parts.

40%

of spark plug and ignition product buyers shopped before their purchase.

A spark plug starts combustion of the air-fuel mixture in a gasoline engine by causing a spark at the correct instant. Not long ago, some aftermarket observers predicted that the spark plug market itself was going to lose some spark. This prediction was based on two trends.

One, engines were being downsized, so there were fewer cylinders. Four-cylinder and even 3-cylinder engines began appearing in many smaller cars. The V8, it was said, seemed to be headed the way of the dinosaur. It looked as if the V6 would have the greatest number of holes to be filled with spark plugs.

Turned out that the V8 is still very much with us, there are even V12's now making appearances, and Chrysler's new Viper sports car will probably have V10 power. All of these changes, however, seem to have equalized each other and the number of spark plug numbers stabilized.

The second trend that was going to reduce the spark plug market was the ever-increasing intervals for spark plug replacement. The factory-recommended spark plug replacement intervals have now stabilized at about 30,000 miles. Most spark plug makers recommend replacement at about 12,000 miles depending on vehicle use. Professional mechanics and other experts generally agree that most spark plugs should be changed at more frequent intervals than the manufacturer says. And, many DIYers do opt for spark plug replacement at earlier intervals than car makers recommend.

So, we haven't seen the spark plug market fall into a black hole. But, it has plateaued. According to *Automotive Marketing* estimates, the total market is about 550-million spark plugs per year. There are about another 100-million spark plugs in the motorcycle, marine, and small engine market.

While the spark plug market may not be growing by

PRODUCTS LINES & TRENDS

Spark Plugs

77%

of DYERs said they purchased their tune-up parts, including spark plugs, at an automotive parts store.

65%

of DIYers studied said they install tune-up parts themselves to save money.

leaps and bounds each year, it is still a very large and important market. Spark plugs shouldn't be ignored—they're an aftermarket staple.

Our 1990 *Consumer Automotive Repair Study (CARS)* found that tune-up parts, which include spark plugs, spark plug cable, and other ignition parts, are the sixth most popular product among those surveyed. That's after vital fluids such as motor oil and antifreeze/coolant. In fact, spark plugs and ignition parts are the first "hard parts" after air and oil filters. Spark plugs are obviously a very popular do-it-yourself purchase.

And, where do DIYers buy their spark plugs? *CARS* said that a resounding 77% purchased their plugs at automotive parts stores, with discount stores a distant 11% and department stores third at 4%.

Spark plugs, as most most aftermarketers might guess, are price sensitive. Forty percent of the DIYers questioned told us that they did price shop before buying spark plugs. It follows then that when asked why they bought where they did, 52% said price. Store location at 37% and product selection at 27% were important, however.

What kinds of vehicles are these spark plugs being screwed into? Passenger cars made up the majority at 61%, followed by DIYers tuning up more than one vehicle at 19%. Light trucks made up a healthy 18% of our study. Vans and sports utilities were way down the list with only 2% each.

Number one reason for doing-it-themselves was the money-saving aspect of changing spark plugs and tuning up a vehicle. Difficulty in installing plugs and ignition parts didn't seem to be a big deterrent, as 30% of *CARS* respondents even rated the job as being easy. An even more impressive 17% enjoyed installing their own spark plugs and ignition parts! We asked DIYers if they had tune-up products installed by someone else. Most hadn't, a solid 81% install their own spark plugs and other ignition parts.

Lug Nuts - Wheel Covers

40%

of DIYers who bought custom wheel accessories or wheels bought them in auto parts stores.

28%

of DIYers who bought and installed custom wheel accessories or wheels put them on a light truck.

The easiest way to radically change a vehicle's appearance—to make a personal statement out of what a car owner drives—is by changing the OE wheels to custom wheels and/or adding wheel accessories.

Indeed, 14% of all vehicle maintainers who said they did some sort of DIY work told *Automotive Marketing* that they bought custom wheel accessories or wheels during the previous year, according to the 1990 *Consumer Automotive Repair Study (CARS)*.

Wheel accessories include such products as spinners and wheel lugs. Spinners improve the appearance of custom wheels. They come in a variety of designs and finishes, including gold-tone and polished chrome finishes, traditional and swept wing design, two-bar and three-bar and basket styles.

Wheel lugs are also an important accessory for many custom wheels. According to one leading wheel accessories manufacturer, only four SKUs of wheel lugs provide 80% coverage, so retailers need not maintain large wheel lug inventories. According to this manufacturer, the popular wheel lug sizes which should be stocked are $\frac{1}{2}$-in., 12mm x 1.50, $\frac{7}{16}$-in., and 12mm x 1.25.

Custom wheels, of course, come in a wide variety of styles and materials. These include gold-tone, polished chrome, multi-finished, and Euro-look painted. The wheels themselves can be wire or wire types or in various designs with spokes or cooling slots.

According to the *CARS*, the DIYers who buy custom wheel accessories or wheels are overwhelmingly male (82%); between 25 to 44-years-old (56%); make over $30,000 in household income annually (51%); spend one to five hours a month on automotive DIY (53%); and maintain two or more vehicles (73%). In other words, the profile of the custom wheel accessory or wheel buyer matches that of the serious DIYer to a "T."

CHROME
LUG NUT
AND LOCK SYSTEM
AUTOMOTIVE PRODUCTS
For most import and domestic cars
Triple chrome plated for lasting durability
Registered to owner key
Meets or exceeds manufacturer's specifications
Lifetime guarantee

Lug Nuts - Wheel Covers

56%

of all DIYers who bought and installed custom wheel accessories or wheels shopped around for the best price before buying.

47%

of all DIYers who bought and installed custom wheel accessories or wheels bought what they thought were the best products available.

Most of these custom wheel accessories or wheels went on cars. In all, 65% of DIYers bought these products for cars, while another 28% bought for light trucks. A total of 2% each bought for vans and sports utility vehicles.

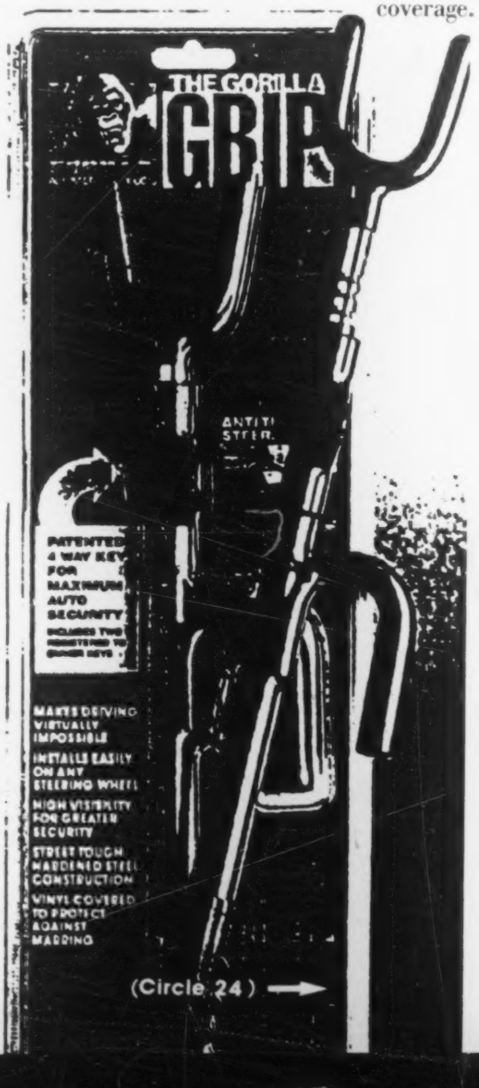
Although 40% of DIYers who bought custom wheel accessories or wheels went to an auto parts store to make their purchases, people buy these products at a wide variety of outlets. The second most mentioned source is the familiar junkyard, where 13% of wheel or wheel accessory buyers shopped. Another 10% bought the products at discount stores, while 8% went to gas stations and 7% went to tire stores.

Given the fairly large percentage of DIYers who bought custom wheel accessories or wheels from junkyards, along with another 2% who found their buys at flea markets, it is interesting to note that 47% said they bought the best products available, while 49% said they bought "middle of the line" quality. Only 5% admitted to buying "bottom of the line" quality.

Most (56%) DIYers shopped around looking for custom wheel accessories or wheels. It's no surprise, then, that 54% said they bought the product where they did because of the price they found there. Another 29% said they bought where they did because of the selection of wheel accessories and wheels they found there.

A small group of DIYers (18%) had custom wheel accessories or wheels put on by someone other than themselves during the previous year. Of them, 31% had them installed at an auto parts store, while 20% went to a gas station, and 19% went to a specialty installation outlet.

Custom wheel accessories and wheels, then, can be a good product line to reach the serious DIYer. The key to reaching them is to stress price, product selection to please all tastes, and market coverage. ■


THE GORILLA GRIP
ANTI THEFT STEER...
PATENTED 4 WAY KEY FOR MAXIMUM AUTO SECURITY
INCLUDES TWO
MAKES DRIVING VIRTUALLY IMPOSSIBLE
INSTALLS EASILY ON ANY STEERING WHEEL
HIGH VISIBILITY FOR GREATER SECURITY
STREET TOUGH HARDENED STEEL CONSTRUCTION
VINYL COVERED TO PROTECT AGAINST MARRING
(Circle 24) →

Ride Control

30%

of all vehicles inspected have worn shocks or struts, but replacement is only recommended for 50% of those ride control systems.

56%

of consumers feel that safety—vehicle handling and control—is the most compelling reason to replace their ride control equipment.

According to a major manufacturer of ride control products, there are five key issues that affect the market in the 1990s. They are the movement to world-class quality standards; parts prolieration; the emergence of high growth niche markets; the expanding use at OE of certain strut suspension systems; and the growing popularity of gas-charged products.

According to another key manufacturer: "Replacement rates for ride control were just over 8% in 1989 and have been steadily declining. . . We are taking the lead to stabilize the market by promoting safety as a selling message and giving consumers a compelling reason to buy shock absorbers and struts."

Research indicates that 56% of consumers feel that safety—vehicle handling and control—would be the most compelling reason to replace their ride control equipment.

In addition, ride control products are a strong favorite with DIYers, particularly men.

In the 7th annual *Automotive Marketing Consumer Automotive Repair Study*, published in March, some 23% of the DIYers responding to the study said they purchased ride control products. That category includes shocks, struts, and springs. Some 12% both purchased and installed the ride control products.

Almost all of the installers were men (96%), with almost two-thirds of the installers falling between the ages of 25 and 44. Some 90% of the installers owned two or more vehicles and 51% said their DIY involvement had increased in the past year.

Price was the key in selecting where to purchase ride control products. Those who installed ride control products did so mainly to save money. But it shouldn't be forgotten that this job, for the moderately experienced DIYer, is fairly easy to do—some 23% said they installed their own ride control products because it was easy.

Ride Control

60%

of DIYers bought their ride control products for their cars, 29% bought them for light trucks.

60%

of DIYers bought their ride control products where they did because of price. 25% bought them where they did because of convenient location.

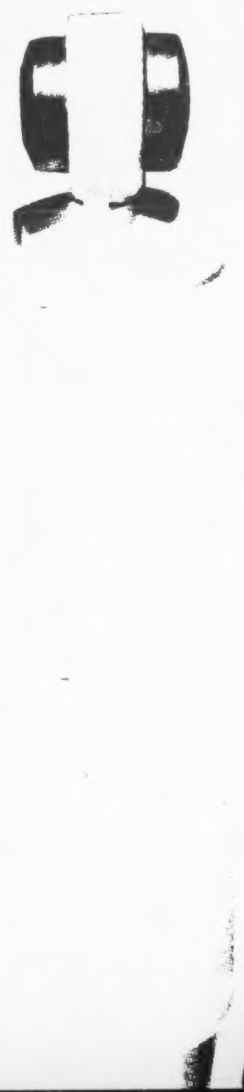
Automotive Marketing asked DIYers why they bought the ride control products, including shocks, struts and spings, where they did. Some 60% mentioned price as the first reason. Next came convenient location (25%), product selection (16%), brand name (12%), habit (10%), and helpful store (2%).

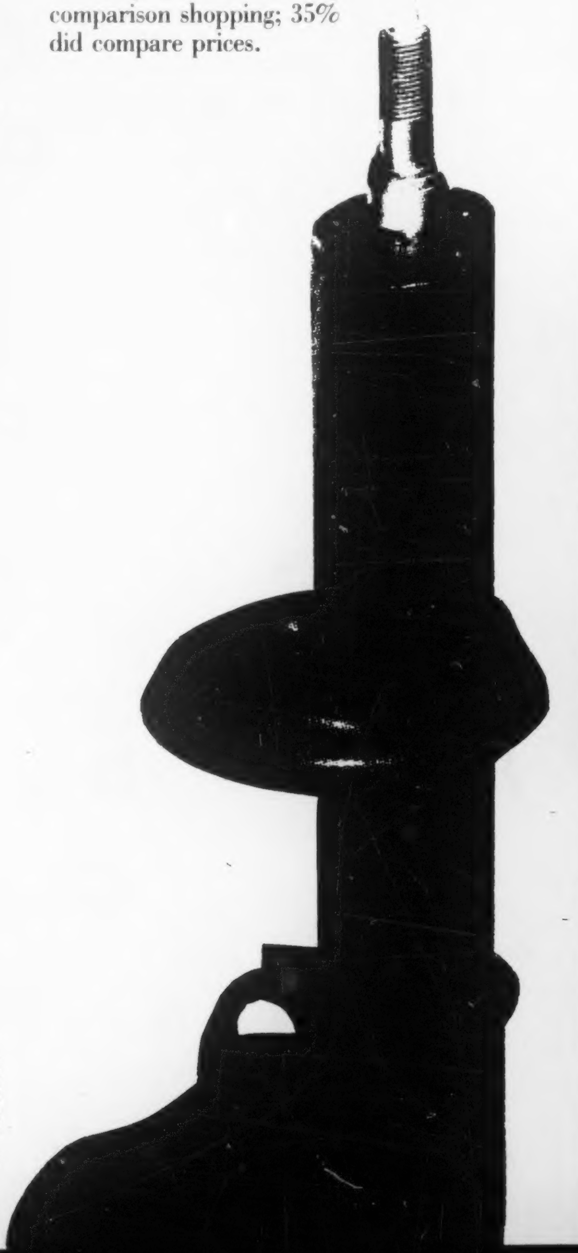
Most of the DIYers reponding to the survey said they bought the ride control products for their cars (60%). Some 29% bought them for light trucks; 4% bought for more than one vehicle; 4% bought them for a van; and 3% bought them for a utility vehicle.

When asked what quaity ride control products DIYers thought they bought, most said they bought the best available. Seventy percent said they bought the top of the line; 27% said they bought the middle of the line, and only 3% said they bought the bottom of the line.

Unlike many other products in the automotive aftermarket, DIYers did not feel the need to comparison shop for ride control products. Some 65% said they had not done any comparison shopping; 35% did compare prices.

DIYers who responded to the survey had strong reasons for installing the shocks, struts or springs themselves. Sixty four percent said they wanted to save money. Twenty two percent said it was a simple task; 15% said they enjoyed the job. Ten percent said they wanted to make sure it was done right, and 5% said they were the only person around. "I can do it myself," was the response given by 1% of the DIY installers. ■





PRODUCTS LINES & TRENDS

Body Repair

63%

of DIYers who purchased body filler products bought them in an auto store, 32% purchased them in a department or discount store.

62%

of DIYers who purchased body filler products bought a nationally advertised brand.

Body repair products are a viable part of the automotive aftermarket.

Data from the 1988 *Automotive Marketing Consumers Auto Repair Study (CARS)* suggests the continuing change to thinner metals and modern body materials on new cars had affected the body filler market. The number of DIYers who purchased and installed body filler that year was down slightly.

However, there is good news with the bad. The *CARS* study suggests that the purchaser of body filler is a very serious DIYer who is often involved with a major car restoration and maintenance project, rather than being a simple vehicle maintainer.

Body filler DIYers are overwhelmingly male (88%), young (37% under 25 and 22% between 25 and 34), and make less than $20,000 annually. This suggests a young man with an older car—the auto parts store's prime customer—is the major buyer of body filler.

This type of DIYer knows what has to be done with his car and plunges ahead with the job. He's not terribly influenced by advertising when deciding to buy the products—83% said they weren't so influenced. And even

Body Repair

88%

of DIYers who purchased body filler products are male.

37%

of DIYers who purchased body filler products are under 25 and 22% are between 25 and 34.

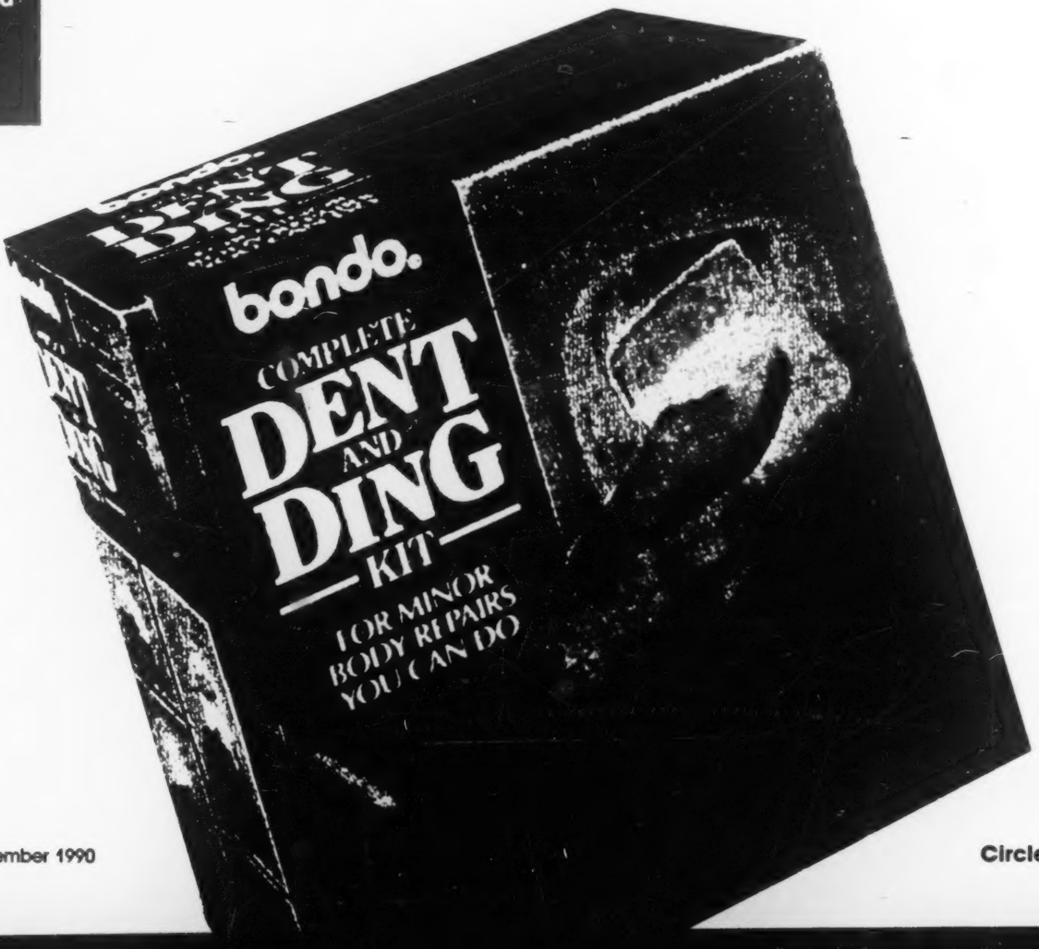
among those who did, the major media that was noticed by body filler purchasers was an in-store display. Manufacturers that provide complete body care display centers are obviously in a strong position to attract and keep this type of DIYer.

The study indicated that DIYers who did a body repair job, had already decided to buy the product (88% planned to buy it before going to a store) and were simply looking in the store for it. Also, these DIYers didn't shop around. Some 80% said they did not comparison shop for body filler. Most of them knew the store before choosing it to make the purchase.

This is verified in the answers about why they bought the product where they did. Some 31% bought body filler where they did because the store was conveniently located; another 26% said the store offered the lowest prices around. Just about the same precentage (25%) bought the type of body filler where they did because of its cheap price. More DIYers gave that as an answer for why they bought what they did than any other answer.

Body filler is an important part of a product mix that appeals to the most important single customer an auto parts or chain store can have—the young maintainer of an older car, with somewhat less income than the national average, who must spend money on his car just to keep it running, and wants it to look good.

Price, at the least the image of low price, is the key to attracting this valuable customer. And be sure you stay well stocked with the products he needs. ■



Circle 29 →

Carwashing Equipment

45%

Of car owners said they prefer to wash their cars themselves, according to the International Carwash Association.

43%

Of DIYers bought wax or polish at automobile parts stores, according to the 1990 *CARS*.

Extensive use of clear coat paints by OE carmakers may be one of the reasons why some DIYers are turning away from automated car washes and returning instead to doing the job of keeping their vehicles clean at home.

Another reason may be that those hot-selling spray attachments for garden hoses—and the add-on products such as soap and wax that go with them make the job easy and fun.

The move to keeping vehicles clean at home can be seen in several facts. First, our 1990 *Consumer Automotive Repair Study (CARS)* ranked wax and polish products fourth in both the "purchased" and "purchased and installed" categories. Some 62% of DIYers purchased and applied wax, according to the 1990 *CARS*.

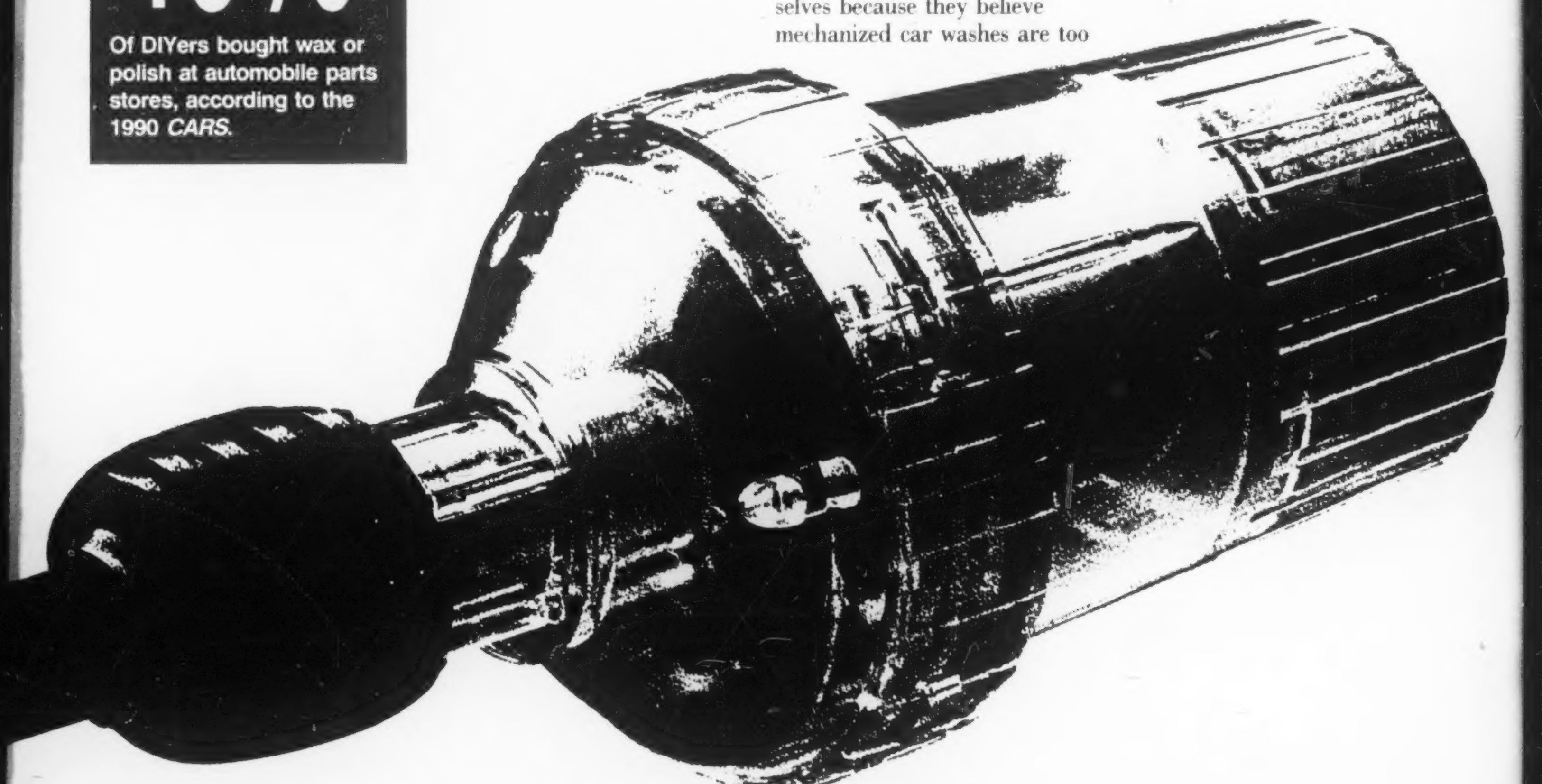
Second, the market research firm, A.C. Nielson, New York, said recently that the wax and polish market was up 5% in 1988 and up 9% in 1989. Estimates put the wax and polish market in the $180-200 million range.

Third, a 1989 report by the International Carwash Association said that 45% of car owners surveyed preferred to wash their cars the old-fashioned way—by hand, at home, usually in the driveway on Saturday morning. Those owners surveyed said they washed their vehicles themselves because they believe mechanized car washes are too expensive, do a poor job, or damage the finish.

The fact is, mechanized car washes, with stiff abrasive brushes, can scratch and mar clear coat finishes. Some new car owners' manuals even warn against brush-style mechanized car washes.

Some automated car washes have switched to "brushless" equipment. They use strips of cloth to replace brush bristles. But, as seen in the International Carwash Association survey, people believe that these brushless washes do little more than rinse off surface dirt.

But today's at-home car wash DIYers have a full range



CarWashing Equipment

49%

Of DIYers bought wax or polish where they did because of the price, according to the 1990 *CARS*.

59%

Of DIYers said they bought a top-of-the-line car care product, according to the 1990 *CARS*.

of professional style, quality car washing equipment to use. The power spray wash attachments for garden hoses—and the add-on products such as soap and wax that go with them—are increasingly popular year-round sellers in automotive stores.

These power spray washers, when used with their specially formulated cleaning products, automatically mix the proper cleaning chemical with clean water. DIYers simply spray the mix on their vehicles. The same attachment is also used to rinse vehicles and to apply specially formulated waxes from self-contained cartridge systems.

This sort of equipment makes it possible for car wash DIYers to clean and wax their vehicles as efficiently as any automated car wash without paying high prices, and without risk of damaging a clear coat finish.

So what kind of DIYers wash their vehicles themselves? It can be assumed that DIYers who use automotive wax and polish at home wash their vehicles before doing so. Here's what the 1990 *CARS* had to say about wax and polish DIYers:

Wax and polish DIYers tend to make more than $30,000 in annual household income; be between 25 and 44 years of age; spend between one and five hours a month on automotive DIY and be responsible for one or two vehicles.

Men and women tended to buy wax and polish products about equally, with 65% of male DIYers and 63% of female DIYers buying wax or polish.

When it came to applying wax or polish products, however, only 56% of women did so, while almost all the men who bought wax or polish applied it themselves.

Some 41% of wax and polish DIYers said caring for their car was a simple task, and another 28% said they did it themselves because they enjoyed it. You can bet these DIYers will enjoy using power car wash attachments, too. ■

ZOOM!

Light trucks are hot. Here are some case studies to prove it.

by **John Wirebach,**
Senior News & Features Editor

Light trucks are the biggest growth area in the aftermarket according to retailers, programmed distributors, and suppliers alike. All three segments presented case studies of why their companies got into the light truck parts and accessories business in a big way during the recent Frost & Sullivan conference.

One glance at our charts gives the main reason the aftermarket is cheering about light trucks: the light truck market is the growth market. Light truck sales are growing at an annual rate of 5.7% while passenger car sales are growing at only 1.8%.

"Between 1980 and 1989, light trucks grew from 24.2% to 29.2% of the total car park," Jim Wright, vice president, merchandising, Western Auto Supply Co., Kansas City, told the 1990 Frost & Sullivan conference. "Furthermore, the number one and number two selling vehicles in the U.S. are Ford F-Series pickups (588,452), and the Chevy CK-Series pick-up (489,882)."

Wright said that these positive statistics offset the other stagnant factors for the aftermarket. Among them, flat or slow growth in fleet size and miles driven, little growth in discretionary income, and an aging consumer base. "The winners of the 1990s," Wright said, "will realize the market is mature and the time is right for niche marketing."

Wright reeled off many statistics for selling light truck accessories: the Motor Equipment Manufacturers Association (MEMA), Teaneck, NJ, reports that truck owners buy 40% of total aftermar-

IT'S THE
LIGHT
TRUCK
MARKET

LIGHT TRUCK SALES: 1981-1989
(does not include mini-vans, sport utility vehicles)

Year	Sales (add 000)
1981	753
1982	862
1983	1,087
1984	1,880
1985	2,109
1986	2,293
1987	2,367
1988	3,012
1989	2,638

Source: General Motors, Western Auto

PASSENGER CARS IN USE

1980	104.6 million
1989	121.7 million

Average annual growth: 1.8%

LIGHT TRUCKS IN USE

1980	33.2 million
1989	50.2 million

Average annual growth: 5.7%

PERCENTAGE OF LIGHT TRUCKS AS VEHICLES IN USE

1980	24%
1989	29%

Source: General Motors, Western Auto

ket accessories and parts: a General Battery (now Exide), Reading, PA, study indicates that light truck owners account for 44% of all sales in auto parts stores.

And best of all, Wright also presented data from Uniroyal Goodrich, Akron, OH, that shows that roughly 25% of light trucks are still on the road after 20 years, compared with about 5% of passenger cars. "So the life of a truck is almost 20 years," Wright said.

To Get Into The Business

Wright told jobbers that only 70-75 SKUs in five key lines—bed liners, bug shields, running boards, pass-through windows, and tool boxes—are enough to be in the business. But, he noted, "We carry another 100 SKUs."

Wright presented a Western Auto study that ranked 28 stores on truck parts sales and measured variable factors: "We found that display size was the key distinction in why certain stores sold more light truck accessories than another. A 20-foot display will put you in business. You need to let people know you're in the business."

A second chart showed that once Western Auto began displaying light truck accessories in 24- to 44-foot displays, sales rose 22% and 37%.

Along these same lines, Western Auto spent time analyzing the success of various products in increasing store traffic and sales. The results of the study showed that motor oil was the best single product to advertise. However, light truck accessories were a strong number two, well ahead of other frequently advertised products.

Although Western Auto has service in all its company stores, Wright said the stores do very little truck accessory installation. "So installation is not the key. Could we sell more with installation? Yes. But could we make more money? No, with our limited bay space."

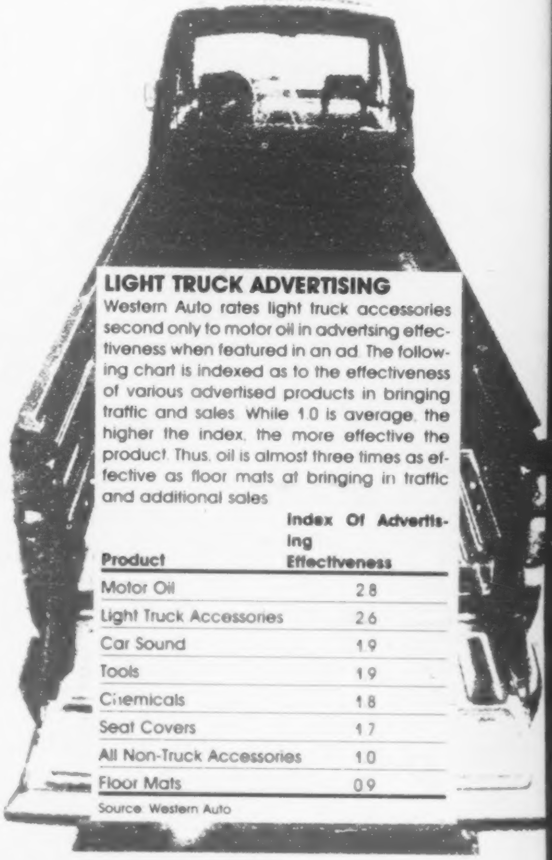
Others On The Truck Bandwagon

Marvin Almy, president of AAAD, Memphis, TN, which administers the 2,400 affiliated Parts Plus jobbers, noting the same growth in light truck sales, said it represented a major opportunity for Parts Plus to sell more accessories and replacement parts.

Among the various methods Parts Plus members use is that of Linkon Auto Supply, Centralia, IL, a retail/jobber chain that teams up with Arrow Speed Warehouse, Kansas City, to operate Performance Corners featuring light truck items among performance accessories.

Jobbers Warehouse, Grand Rapids, MI, also uses its own performance division to supply its jobber stores with a sales mix of light truck accessories. In addition, the performance warehouse also can give overnight service. The Muller Warehouse, Fort Worth, TX, is a traditional warehouse, Almy said, in a high truck population area. It is one of the few warehouses to provide its jobber customers with part number popularity guides and stock adjustment procedures to take advantage of the increasing light truck population.

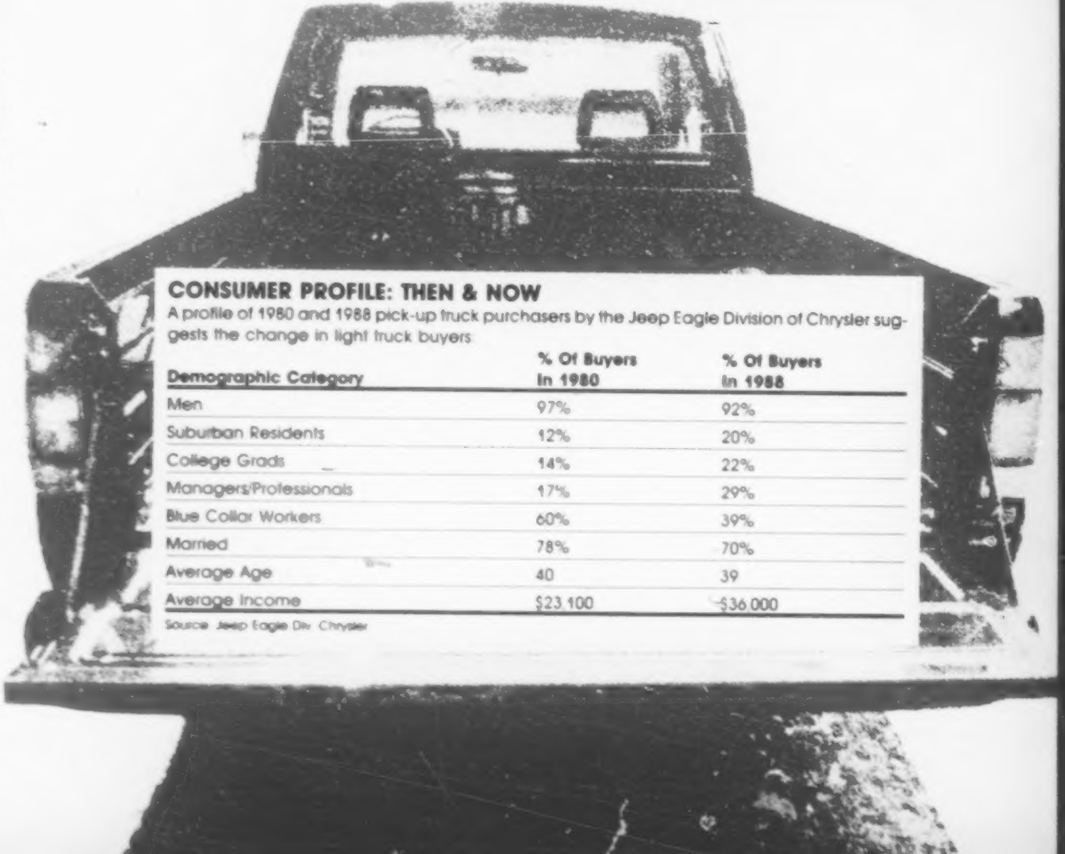
Finally, Almy reviewed the Parts Inc., Memphis, TN, program. Parts Inc., is the



LIGHT TRUCK ADVERTISING
Western Auto rates light truck accessories second only to motor oil in advertising effectiveness when featured in an ad. The following chart is indexed as to the effectiveness of various advertised products in bringing traffic and sales. While 1.0 is average, the higher the index, the more effective the product. Thus, oil is almost three times as effective as floor mats at bringing in traffic and additional sales.

Product	Index Of Advertising Effectiveness
Motor Oil	2.8
Light Truck Accessories	2.6
Car Sound	1.9
Tools	1.9
Chemicals	1.8
Seat Covers	1.7
All Non-Truck Accessories	1.0
Floor Mats	0.9

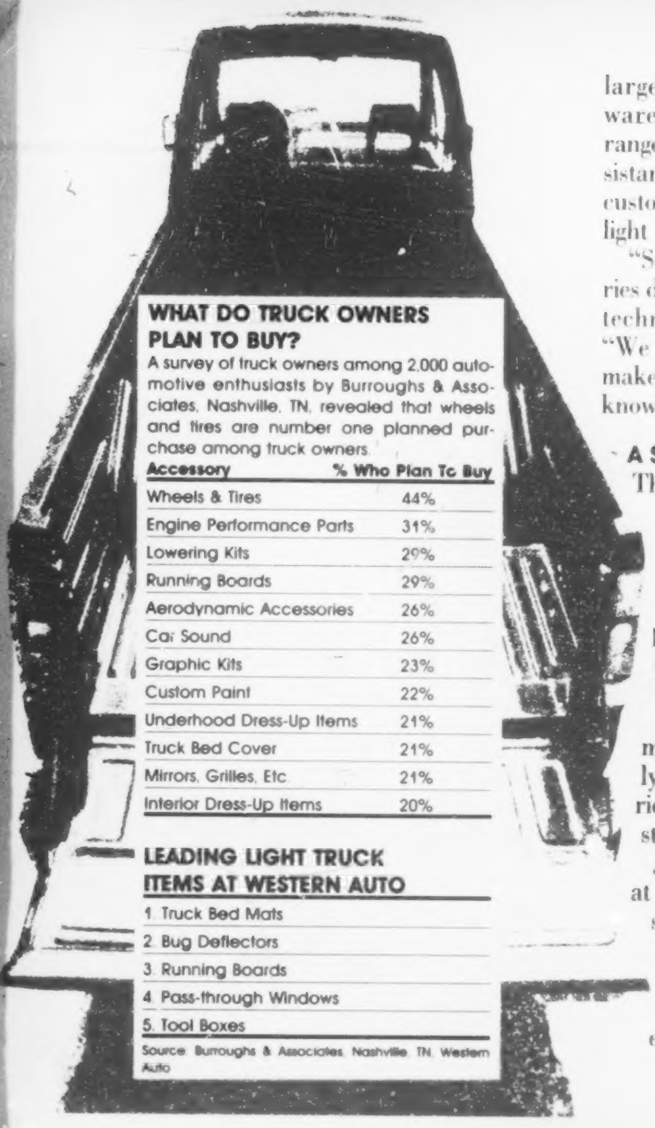
Source: Western Auto



CONSUMER PROFILE: THEN & NOW
A profile of 1980 and 1988 pick-up truck purchasers by the Jeep Eagle Division of Chrysler suggests the change in light truck buyers.

Demographic Category	% Of Buyers In 1980	% Of Buyers In 1988
Men	97%	92%
Suburban Residents	12%	20%
College Grads	14%	22%
Managers/Professionals	17%	29%
Blue Collar Workers	60%	39%
Married	78%	70%
Average Age	40	39
Average Income	$23,100	$36,000

Source: Jeep Eagle Div. Chrysler



WHAT DO TRUCK OWNERS PLAN TO BUY?

A survey of truck owners among 2,000 automotive enthusiasts by Burroughs & Associates, Nashville, TN, revealed that wheels and tires are number one planned purchase among truck owners.

Accessory	% Who Plan To Buy
Wheels & Tires	44%
Engine Performance Parts	31%
Lowering Kits	29%
Running Boards	29%
Aerodynamic Accessories	26%
Car Sound	26%
Graphic Kits	23%
Custom Paint	22%
Underhood Dress-Up Items	21%
Truck Bed Cover	21%
Mirrors, Grilles, Etc	21%
Interior Dress-Up Items	20%

LEADING LIGHT TRUCK ITEMS AT WESTERN AUTO

1. Truck Bed Mats
2. Bug Deflectors
3. Running Boards
4. Pass-through Windows
5. Tool Boxes

Source: Burroughs & Associates, Nashville, TN, Western Auto

largest warehouse in Parts Plus. The warehouse provides store display arrangements and layout and planogram assistance to its company stores and jobber customers. Jobbers are required to have light truck items in all tabloid ads.

"Selling light truck parts and accessories doesn't require using any unique new techniques," Almy said, summing up. "We keep a close watch on inventory, make sure we do the right things, and know our customers needs."

A Simple Sell

The advice to retailers and jobbers from both Almy and Wright for selling light truck accessories boiled down to a few simple points. Make sure you have the products, show the products in the store, and let consumers know you have the products.

While the examples of the two manufacturers was not as immediately applicable to retailers, their experiences did go far to suggest the strength of the light truck market. Jim Pedranti, senior vice president at Sparkomatic-Kenco, Milford, PA, said that Sparkomatic saw a mature car sound market and "limited growth in the low medium end. The only growth was in the high end. Second, is the difficulty with DIY. In 32 1990 models, you can't replace the radio without working on the onboard electronics."

So Sparkomatic acquired Kenco and its line of light truck accessories in 1986. After a few changes in the Kenco line, such as adding a universal fit application to its bug deflectors, adding non-price sensitive items to its line, and boxing its bed liners, the company took the products through the same channels as Sparkomatic car sound equipment. "In effect, we folded Kenco into Sparkomatic and doubled our sales the first year."

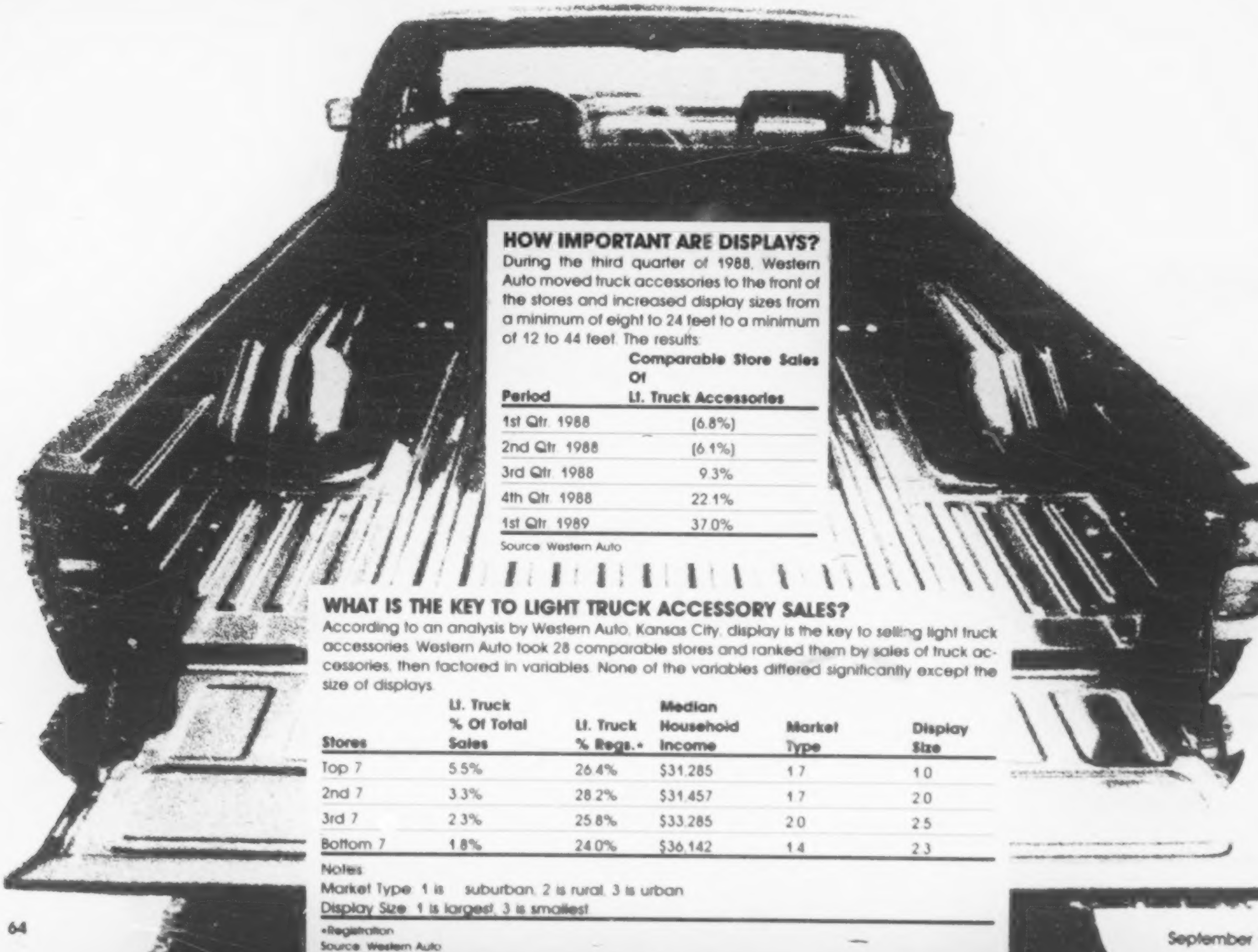
Special Products For A Special Market

At Monroe Auto Equipment, Monroe, MI, it was also the prospect of a flat market that drove Monroe to acquire Rancho Suspension, according to Ken Yoder, vice president of sales and marketing.

Although Rancho sells in a specialty market with total unit sales of about $1.9 million (less than 5% of the total ride control market), it places Monroe in the specialty shock market.

Yoder referred to the new market as undergoing "imploding growth. It's like bottled water with all its brands and flavors all selling bottled water. We have niche markets within niche markets."

Yoder suggested that Rancho's ability to respond quickly to changes in the market will aid Monroe, a mass marketer, with slower response time. ■



HOW IMPORTANT ARE DISPLAYS?

During the third quarter of 1988, Western Auto moved truck accessories to the front of the stores and increased display sizes from a minimum of eight to 24 feet to a minimum of 12 to 44 feet. The results:

Period	Comparable Store Sales Of Lt. Truck Accessories
1st Qtr. 1988	(6.8%)
2nd Qtr. 1988	(6.1%)
3rd Qtr. 1988	9.3%
4th Qtr. 1988	22.1%
1st Qtr. 1989	37.0%

Source: Western Auto

WHAT IS THE KEY TO LIGHT TRUCK ACCESSORY SALES?

According to an analysis by Western Auto, Kansas City, display is the key to selling light truck accessories. Western Auto took 28 comparable stores and ranked them by sales of truck accessories, then factored in variables. None of the variables differed significantly except the size of displays.

Stores	Lt. Truck % Of Total Sales	Lt. Truck % Regs.*	Median Household Income	Market Type	Display Size
Top 7	5.5%	26.4%	$31,285	1.7	1.0
2nd 7	3.3%	28.2%	$31,457	1.7	2.0
3rd 7	2.3%	25.8%	$33,285	2.0	2.5
Bottom 7	1.8%	24.0%	$36,142	1.4	2.3

Notes:
Market Type: 1 is suburban, 2 is rural, 3 is urban
Display Size: 1 is largest, 3 is smallest

*Registration
Source: Western Auto

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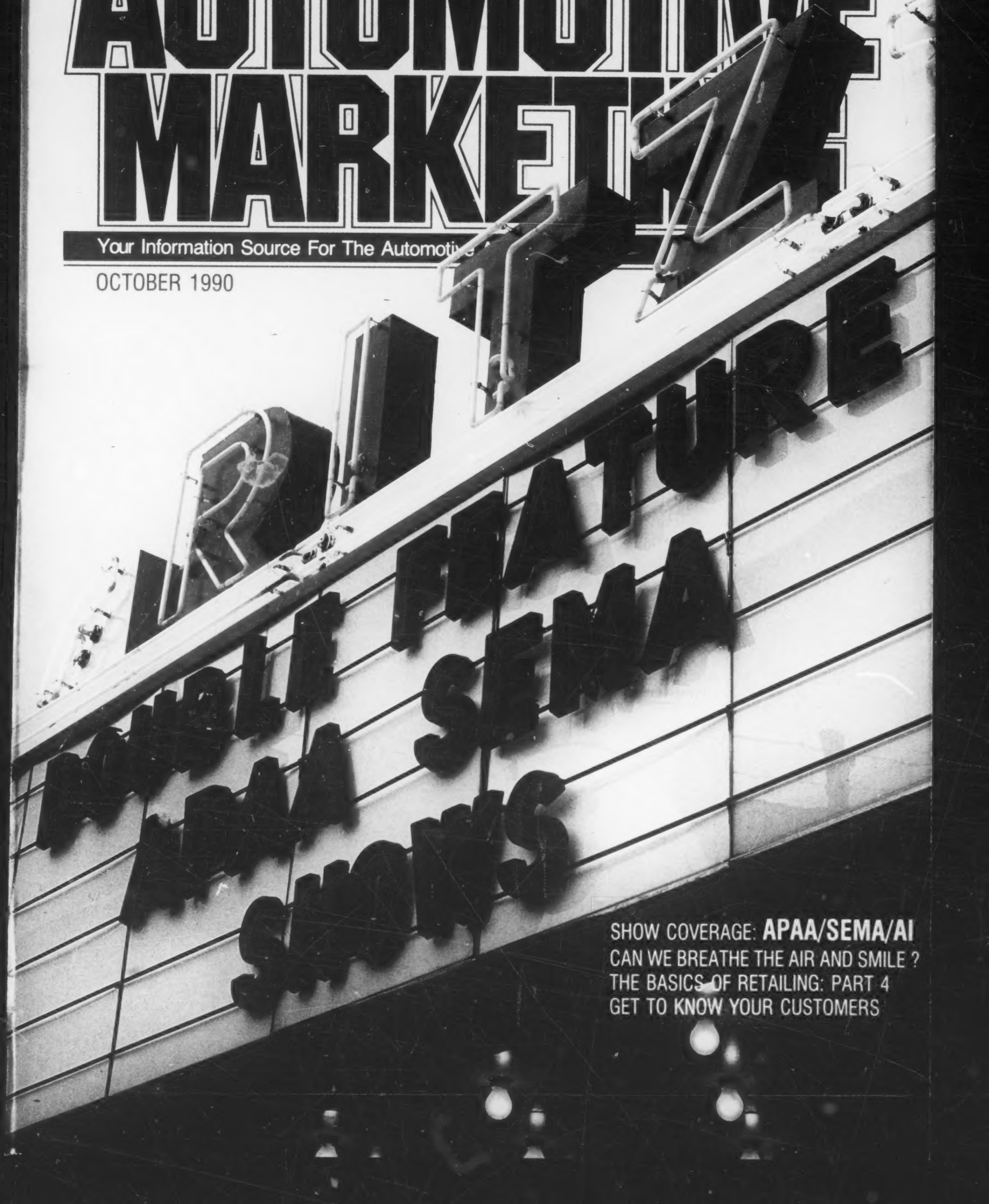
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CAN WE BREATHE THE AIR AND SMILE ?

THE BASICS OF RETAILING: PART 4

GET TO KNOW YOUR CUSTOMERS

Chilton's
AUTOMOTIVE MARKETING

October Issue/Volume 19, Number 10

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A look at what makes automotive parts consumers in Greenbelt West different.

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MARKET LINE

The Two Groups That Matter: Serious DIYers & Enthusiasts

With all the talk about possible gas shortages and rising prices, and the concerns about inflation and recession, we thought it was time to reexamine two consumer groups that are prime automotive customers: serious, hard core DIYers and automotive enthusiasts. Hard core DIYers boost parts sales, while enthusiasts boost accessory sales.

For parts sales, consider the serious DIYer. Kent Brown, president of Nationwise, Columbus, OH, calls him Clyde Crankshaft. "He's the heavy user that buys parts," Brown said. "He wants quality parts and advice. He's only 15% of our customer base, but he represents 40% of our parts sales."

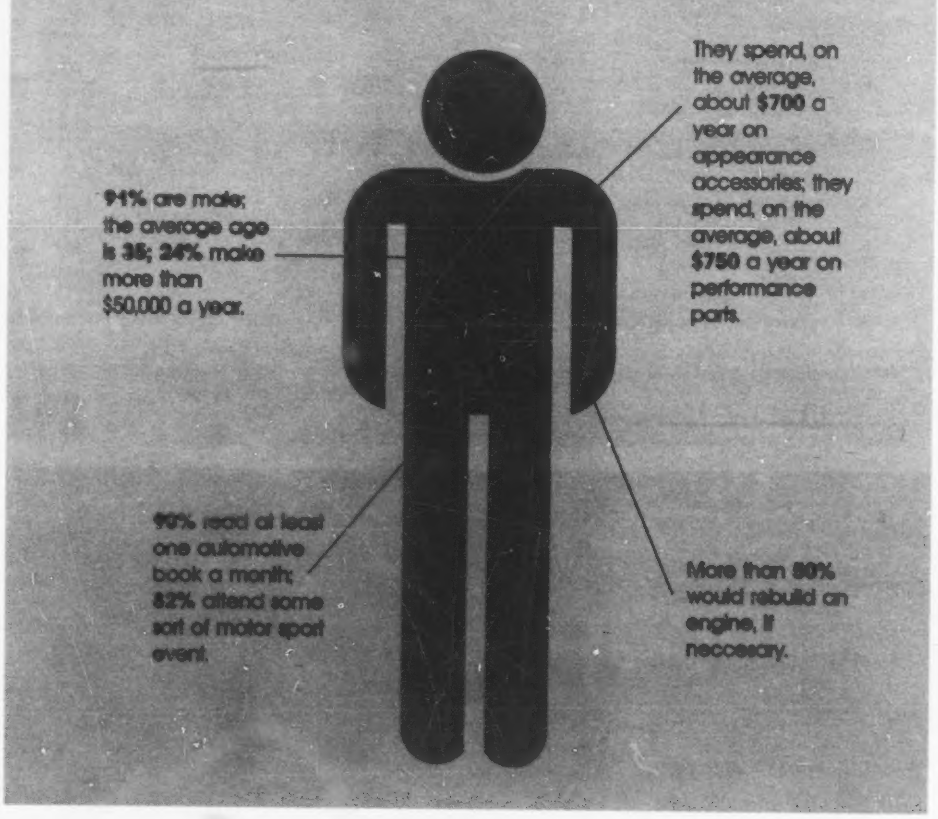
The Serious DIYer

We've identified the serious DIYer on our continuing *Consumer Automotive Repair Studies (CARS)* as someone who spends more than 11 hours a month on automotive DIY work. Slightly less than one DIYer in ten falls into this category. On five *CARS* studies since 1984, this percentage has remained roughly constant: one in ten. It's a small number, but serious DIYers account for a substantial amount of DIY work. As our charts show, hard core DIYers purchase and install parts and accessories at a rate 10% to 20% higher than the average *CARS* DIYer.

The serious DIYer is overwhelmingly male (only one in ten *of these one in ten* is female), and more than half of them work

THE ENTHUSIAST

A survey compiled by Burroughs & Associates, Nashville, TN, of 5,000 people who said they were car enthusiaists shows some interesting bits of information on targeting these customers.



94% are male; the average age is **35**; **24%** make more than $50,000 a year.

They spend, on the average, about **$700** a year on appearance accessories; they spend, on the average, about **$750** a year on performance parts.

90% read at least one automotive book a month; **82%** attend some sort of motor sport event.

More than **80%** would rebuild an engine, if neccesary.

THE ENTHUSIASTS' AGE

The enthusiast market is a young market. The average age is 35.

Age	% Of Enthusiasts
Under 25	23%
26-35	29%
35-50	39%
Older Than 50	9%

Source: Burroughs & Associates, Nashville, TN

THE ENTHUSIASTS' INCOME

This is a rich market. Almost half the enthusiasts have household incomes above the national average of about $36,000.

Household Income	% Of Enthusiasts
Under $20,000	10%
$20-$35,000	33%
$35-$50,000	26%
More Than $50,000	24%

Source: Burroughs & Associates, Nashville, TN

WHERE DO ENTHUSIASTS BUY PERFORMANCE PRODUCTS & APPEARANCE ACCESSORIES?

The enthusiasts shop auto chains for price and convenience, not by choice, according to Burroughs. Availability and brand selection keep them coming back.

Outlet	% Of Enthusiasts
Auto Chain	34%
Full-Line Auto Store	32%
Speed Shop	28%
Mail Order	27%
Discount Chain	19%
Car Dealers	12%
Tire Dealers	10%
Department Store	5%

Source: Burroughs & Associates, Nashville, TN at traditional blue collar jobs. For example, the single largest occupational group is craftsmen. The serious DIYer is younger than the remaining 91% of the *CARS* study, late 20s to early 30s, and he makes less money on the average.

THE SERIOUS DIYERS' AGE

The serious DIYers are young. Some 59% are under 35-years-old.

Age	% Serious DIYers	% Rest Of CARS DIYers
Under 18	NA	3%
18-24	23%	11%
25-34	36%	25%
35-44	25%	19%
45-54	8%	14%
55-64	3%	13%
Older Than 65	5%	15%

Source: *Automotive Marketing's 1990 Consumer Automotive Repair Study (CARS)*

THE SERIOUS DIYERS' INCOME

Many serious DIYers have low incomes, which may be one reason they are serious DIYers.

Income	% Serious DIYers	% Rest Of CARS DIYers
Under $20,000	33%	25%
$20-$30,000	18%	19%
$30-$50,000	36%	33%
More Than $50,000	10%	17%

Source: *Automotive Marketing's 1990 Consumer Automotive Repair Study (CARS)*

THE SERIOUS DIYERS' EMPLOYMENT

More than half of serious DIYers work blue collar jobs.

Job	% Serious DIYers	% Rest Of CARS DIYers
Professional	12%	21%
Clerical	9%	9%
Managerial	7%	9%
Sales	3%	5%
White Collar Total	**31%**	**44%**
Craftsmen	28%	14%
Operatives	10%	4%
Laborers	6%	2%
Transport	4%	2%
Service	3%	4%
Blue Collar Total	**51%**	**26%**
Retired	5%	10%
Students	5%	4%
Armed Forces	3%	1%
Housewives	*	4%
Farmers	*	1%
Other Total	**15%**	**20%**

Source: *Automotive Marketing's 1990 Consumer Automotive Repair Study (CARS)*
* Less Than 1%

These are prime considerations for DIY activity. Previous studies have shown that DIY work decreases with age and increased income. However, the 1990 serious DIYers were slightly older than 1985 serious DIYers.

The serious DIYer owns 2.05 vehicles and is responsible for the maintenance of these vehicles and that's what matters. Of these cars, 39% are more than ten years old, a full 15% higher than the rest of the *CARS* study. That means there's more chance to do DIY work.

So, of our serious, hard core, DIYers, 97% did oil changes, more than 80% installed antifreeze and filters, and 69% did some sort of tune-up work during the past 12 months. And, when it comes to more complex DIY work, such as brakes, shocks, and exhaust, the percentage of serious DIYers doing the jobs was two to three times that of the rest of the *CARS* study.

Gasket DIYers

We do not question *CARS* DIYers about the most complex DIY tasks. One of the more complex jobs is gasket installation. Anyone who replaces a gasket while doing a valve job, for instance, is apt to be a fairly serious DIYer. Ken Lehman, co-chairman and chief sales and marketing officer of Fel-Pro, Skokie, IL, recently reviewed some Fel-Pro research that tells us more about the hard core DIYer.

Fel-Pro attaches questionnaires to its gasket packages and asks buyers to return them. Last year, 21% of the returns were from DIYers, although Lehman warned that DIYers have more time to complete the Fel-Pro survey than professionals. However, if returns are limited to repairs done outside a professional facility, DIYers account for 41% of repairs.

"We noted that DIYers buy the majority of their gasket sets at jobbers, but slightly more than 40% were purchased at retail outlets. Surprisingly, 10% of professionals working on the job, also bought gaskets at retail auto stores as opposed to jobbers," Lehaman said.

The keys to sales are: quality, availability, and price, in that order. "Even price conscious DIYers," Lehman noted, "don't want to gamble on lesser quality gaskets."

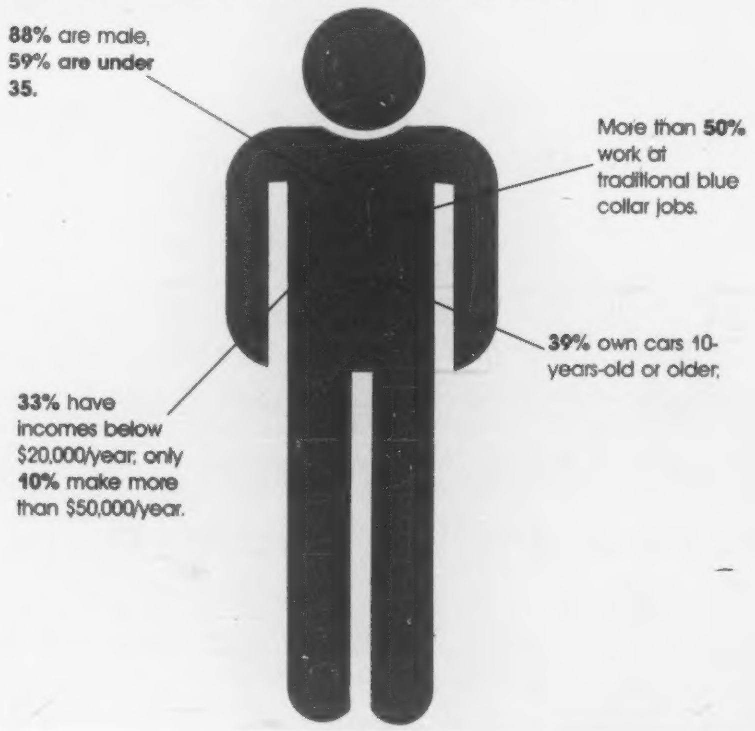
The serious DIYer shops auto stores 39 times a year on the average. More than half expect to increase their DIY involvement. Body work and engine rebuilding were the jobs they want to learn.

So for retailers who want to compete for the serious DIYer, the answer is simple: sell quality and availability to serious DIYers, just like jobbers do.

THE SERIOUS DIYER

The serious DIYer, someone who spends more than 11 hours a month on automotive DIY tasks, is an important target for automotive marketers. Although serious DIYers make up only 8.5% of the latest *Automotive Marketing Consumer Automotive Repair Study (CARS)*, they account for much higher percentages of work and sales.

In all the charts that follow, serious DIYers (8.5% of the survey group) are compared with the rest of the *CARS* DIYers (the 91.5% of the survey that are not serious DIYers).


88% are male, **59% are under 35.**
More than **50%** work at traditional blue collar jobs.
39% own cars 10-years-old or older.
33% have incomes below $20,000/year; only **10%** make more than $50,000/year.

MARKET LINE

ENTHUSIAST EMISSIONS CHECK

The performance market has declined due to emissions testing. Burroughs asked the enthusiasts whether or not they'd tampered with the emissions system. Half had tampered with it.

Tampered	% Of Enthusiasts
No	48%
Removed Some Of It	31%
Removed All Of It	20%

Source: Burroughs & Associates, Nashville, TN

ARE ENTHUSIASTS DIYERS?

Yes, they are. And here's what jobs they do.

Job	% Of Enthusiasts
Oil Changes	94%
Replace Plug Wires	89%
Tune-Up	87%
Brake Repair	82%
Install Headers	67%
Install Shocks/Struts	62%
Change Camshaft	59%
Replace Fuel Injectors	28%
Install Aerodynamic Kit	22%
Replace On-Board Computer	20%

Source: Burroughs & Associates, Nashville, TN

WHAT JOBS DO ENTHUSIASTS DO?

Burroughs asked the enthusiasts to describe what kind of work they do. Almost half would, or felt capable of, rebuilding an engine.

Job	% Of Enthusiasts
Very Light: Do few or no jobs	9%
Light: Change plugs, coil, wires	17%
Medium: Change carburetor, manifold, headers	22%
Heavy: Rebuild complete engine	52%

Source: Burroughs & Associates, Nashville, TN

HOW MUCH DO ENTHUSIASTS SPEND ANNUALLY FOR APPEARANCE PRODUCTS?

The enthusiasts are also willing to spend money for appearance products.

Amount	% Of Enthusiasts
Under $100	20%
$101-$ 200	12%
$201-$ 400	15%
$401-$ 600	15%
$600-$1,000	15%
More Than $1,000	23%

Source: Burroughs & Associates, Nashville, TN

Selling The Enthusiast

The enthusiast is as important as the serious DIYer. Some people have thought, however, that auto enthusiasts are bound to the specialty auto stores. But that's not true, according to the results of several studies by Mike Burroughs of Burroughs & Associates, Nashville, TN, a high performance oriented ad shop. Fully 34% of the 2,000 enthusiasts surveyed bought performance or appearance items in auto chain stores last year.

HOW MUCH DO ENTHUSIASTS SPEND ANNUALLY FOR PERFORMANCE PRODUCTS?

The enthusiasts are willing to spend a lot of money for performance products.

Amount	% Of Enthusiasts
Under $100	21%
$101-$ 200	11%
$201-$ 400	13%
$401-$ 600	14%
$600-$1,000	17%
More Than $1,000	24%

Source: Burroughs & Associates, Nashville, TN

IT MOVES AT THI

Lately, it seems the number of people buying rugged, reliable Mag-Lite® flashlights for use in their cars has been accelerating like crazy.

For good reason. Mag-Lite® sales are being fueled with a multi-million dollar advertising campaign. And with the demand for quality becoming a major factor among consumers in automotive accessory purchases, there's no sign Mag-Lite® will be slowing down any time soon.

Performance in the retail marketplace is just

MARKET LINE

"Why shouldn't they buy from auto chains?" Burroughs asked. "The chains offer better hours and convenience." But, he noted, enthusiasts ranked chains almost ten points lower when asked where they preferred to buy. "The enthusiast want a place where he perceives they have knowledge about what he's buying, and chain stores are usually not so good with technical advice and depth."

WHAT DO SERIOUS DIYERS WANT TO DO NEXT?

Serious DIYers want to do more automotive tasks; many of them want to learn how to do body work and engine rebuilding.

Task	% Serious DIYers
Body Work	18%
Rebuild Engine	16%
Rebuild Transmission	11%
Tune-up Work	10%
Electrical Work	6%
Brake Work –	5%
Fuel Injection Work	3%

Source: *Automotive Marketing's 1990 Consumer Automotive Repair Study (CARS)*

Still, Burroughs concluded, talking about mail order sales (which also ranked high), the enthusiast wants the best price, availability, and brand selection.

COMPARISONS: SERIOUS DIYERS VS. ALL OTHER *CARS* DIYERS

By far, thoses we call serious DIYers out shop other DIYers—they shop for auto parts almost every other week. And, not surprisingly, serious DIYers own more vehicles.

Activity	% Serious DIYers	% Rest Of CARS DIYers
Own Cars 10-Years-Old & Older	39%	24%
Enjoy DIY "A Lot"	46%	19%
DIY Activities Increasing	54%	33%
Expect DIY Activities To Increase	50%	22%
Times Shopped Auto Store Per Year	39.0	17.0
Number Of Vehicles Responsible For	2.05	1.83

Source: *Automotive Marketing's 1990 Consumer Automotive Repair Study (CARS)*

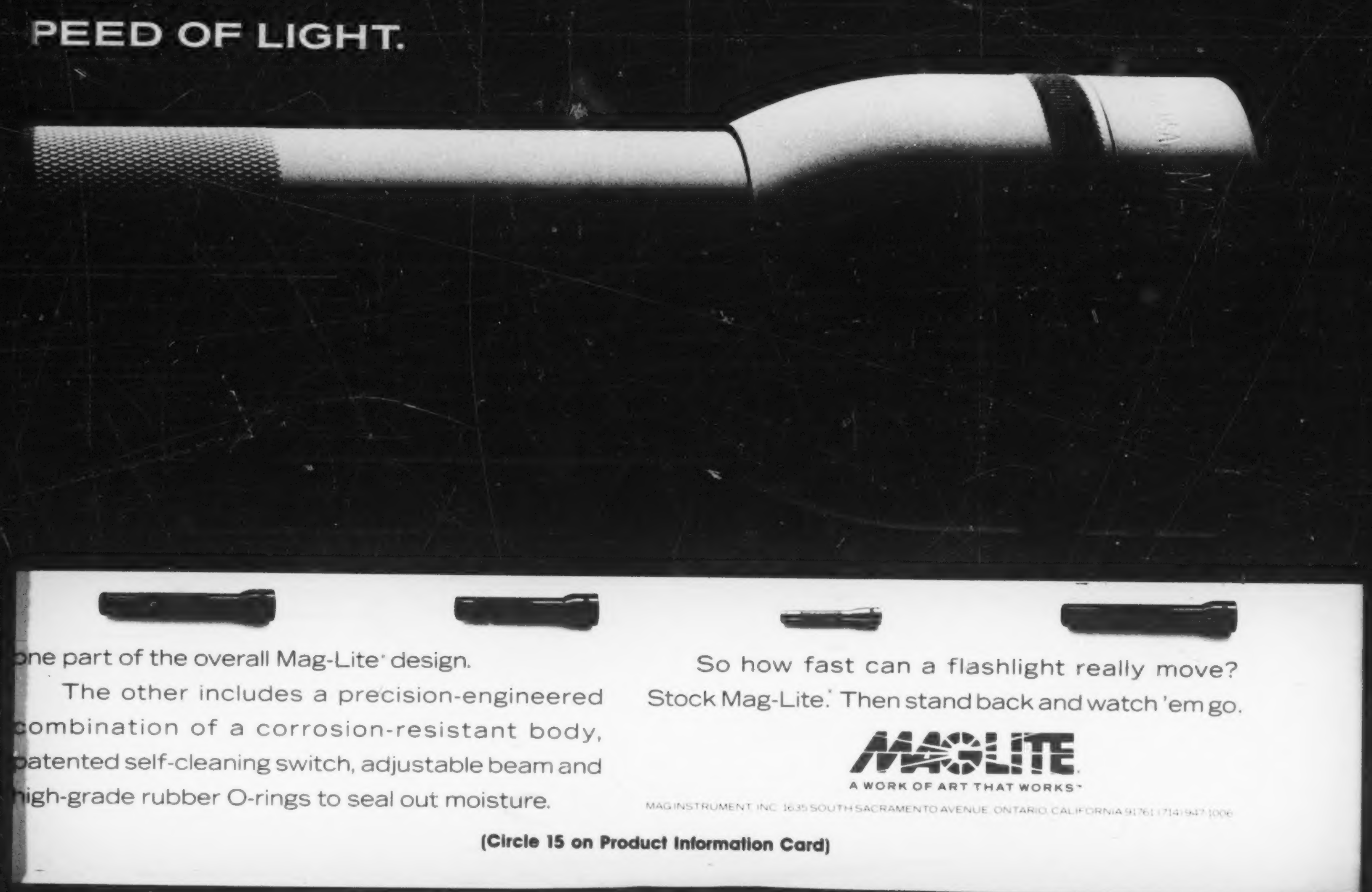
If that sounds familiar, it should. Brand selection, availability, and price—that's what it takes to compete for the en-

WHAT SERIOUS DIYERS DO

Serious DIYers do all jobs at a much higher percentage than the rest of CARS DIYers.

Job	% Serious DIYers	% Rest Of CARS DIYers
Change Oil	97%	80%
Install Antifreeze	85%	61%
Install Filter	82%	61%
Install Tune-up Parts	69%	38%
Replace Brake Pads	37%	15%
Replace Shock/Strut	30%	10%
Exhaust System Work	14%	7%
Install Car Sound	43%	10%
Body Repair Work	27%	8%
Install Custom Wheels/Tires	24%	6%
Install Electronic Accessories	17%	7%

Source: *Automotive Marketing's 1990 Consumer Automotive Repair Study (CARS)*



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thusiast market where consumers spend an average of $700 on appearance accessories and $750 on performance parts.

There are some distinct differences between serious DIYers and enthusiasts. Enthusiasts are older (average about 35), and better off financially. Almost a quarter of the enthusiasts has an income of more than $50,000.

As our charts suggest, enthusiasts do just as much DIY work as serious DIYers when it comes to routine maintenance. And, 52% are willing to rebuild an engine. In fact, Burroughs research suggests that about half of this group would blueprint an engine from the crankshaft on up.

On the enthusiast side, some 24% reported they'd spent more than $1,000 in the past year on their vehicles. While we have no comparable figures for the serious DIYer, we do know that 39% of DIYers bought between 15 and 18 different automotive products last year.

Serious DIYers and serious automotive enthusiasts make up a serious market. ■

CONSUMER RESEARCH

Must-Know Men Like Automotive DIY

A new research study done for *Popular Mechanics* magazine, New York, finds that 13.3 million men, about a quarter all adult males, fall in a category the magazine calls "Must-Know Men."

The study, "The Must-Know Market of the 1990s: The American Man's Need to Know How and Why Things Work," was conducted by Yankelovich Clancy Shulman, Westport, NY.

The Must-Knows

The key finding, according to *Popular Mechanics*, "Must-Know Men are defined as adult males who are curious about how and why things work, actively involved in making and fixing things, and eager to share their knowledge. These men are widely recognized by others as a main source of information and advice about products and brands."

Working from information drawn from six nationwide focus groups, the study questioned 1,500 men on interests, involvements and attitudes. The results, researchers say, show that Must-Know Men span all income, educational and occupational levels.

However, nine distinct factors identify the Must-Know Man:

- He wants to know how things work, is mechanically inclined;
- He wants to know the latest developments in technology;
- He is a do-it-yourselfer;
- He is interested/involved in automobiles;
- He is interested/involved in home repairs and maintenance;
- He is interested/involved in outdoor activities;
- He is interested/involved in computers and electronics;
- He is interested in science, space travel and defense technology;

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Plasti-Kote Paint Display Is Point-Of-Purchase Show Star

A durable, permanent display for a decorator product line of spray paints made by Plasti-Kote, Medina, OH, was one of the stars of the Point-of-Purchase Advertising Institute's (POPAI), Englewood, NJ, annual trade show, held in Chicago October 2-4.

The metal and plastic display shows 16 spray paint cans, angled so that the spray nozzles do not become clogged with paint. Each tray base has a pressure sensitive item number and paint color name for restocking ease. The display header and side panel graphics were produced using two paints in the Plasti-Kote color line.

The POPAI show, Marketplace '90, featured over 350 exhibitors displaying the latest P-O-P innovations and over 1,200 program entries into the annual Outstanding Merchandising Achievement (OMA) Awards Contest, in which the best displays in the world vie. ■

MERCHANDISING

Managers, Execs Like Point-Of-Purchase

More than 90% of automotive aftermarket retail store managers say that Point-of-Purchase (POP) advertising is effective in moving products, according to a study prepared for the Point-of-Purchase Advertising Institute (POPAI), Englewood, NJ. In addition, 86% of retail chain executives say that POP boosts sales.

According to POPAI president John M. Kawula, "The automotive aftermarket has been classified as an area 'ripe for the taking' for merchandising. Often these stores beg for effective POP programs to explain, locate, and display products. Perhaps no one is listening to the automotive retailer, however. Our study found that both managers and executives agreed that POP goes far in attracting consumer attention and ringing up sales at the register." In other words, there's both room in stores and interest among retailers for more POP in aftermarket stores according to the industry itself.

For the POPAI study, according to Kawula, "Two separate phases of interviewing were completed for each class (of retailer)—one with the store level manager and then with the headquarters executive. This gives a full picture of how the retailer is prioritizing his POP needs, from the store to the management level."

In all, the study was conducted in 125 retail outlets and 15 chain headquarters.

POP On The Rise

The POPAI study found that more than 91% of automotive retail store managers indicate that they are using the same amount of POP, or more, than they did two years ago. More than 88% of those managers intend to use more, or at least the same amount of, POP in the future.

According to Kawula, "In the automo-

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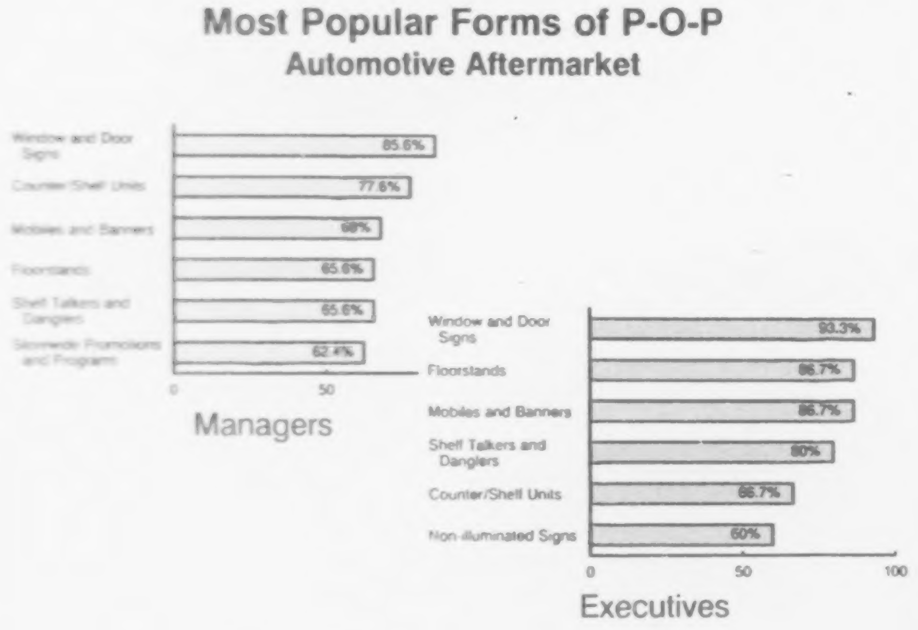
MARKET LINE

According to a Point-of-Purchase Advertising Institute, Englewood, NJ, study, both retail chain executives and store managers favor door and window signs for Point-of-Purchase advertising displays.



tive aftermarket, a majority of managers and executives said they use POP for 'market leaders,' as well as for other brands. In addition, more than 93% of managers and executives indicated that they have used POP for new products and a majority said that POP is more effective when used with new products."

The POPAI study found, said Kawula, that aftermarket retail store managers prefer window and door signs as well as counter and shelf units over other forms of POP such as shelf organizers, sampling devices and electronic or interactive devices. However, chain executives, Kawula said, "cited window and door signs, floor stands, mobiles, and banners as top on their list of preferred POP.

"The message these retailers is sending is obvious," Kawula concluded. "If marketers want to succeed in moving their products off the shelf and into shopping bags, it is essential for them to understand the retailer and his or her plans for POP in the retail environment." ■

ELECTRONIC RETAILING

Auto Parts Club To Debut New Electronic Kiosks

Auto Parts Club, San Diego, operator of two automotive retailing warehouses, will install electronic kiosks. The kiosks will direct shoppers to specific product locations to reduce the need for salesfloor personnel.

The system, based on a new line of computers made by IBM, White Plains, NY, and software by Responsive Data Systems, San Mateo, CA, will use interactive screens that the customers will actually touch, rather than keyboards, to find the locations of the products they want from among the 10,000 SKUs Auto Parts Club stocks.

The customer first touches the name of his or her vehicle on the screen. The image then switches to a list of that brand's models. The customer touches the model he owns. From that, the computer takes the customer through screens that describe the type of model, the year, the system he wants parts for, and the specific product he wants. Then a custom-designed printer produces a list of the items the customer wants and where they can be found in the 40,000 sq. ft. store.

The system is based on an electronic catalog on laser discs made by Kar-Tech, Palm Desert, CA.

"The system will be installed as soon as the final quality control checks are made," Robert W. Fish, president Responsive Data Systems, said.

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REGIONAL MARKETS: A LOOK AT GREENBELT WEST

by **Phil Katcher,** Business Editor

We began our look at the different regions of the country, as defined by their unique geographic, historic, weather and climate, and cultural differences, in January 1987 with a study of the three Western regions—including the area we call Greenbelt West. That's a narrow strip of land bordered by mountains to the East and the Pacific Ocean to the West that runs north from San Francisco to the Canadian border and then skips over Canada into Alaska.

It's a green, lush country with lots of rainfall edged by the ocean on one side and a mountain range on the other. Basic industries that depend on nature are big here: logging, fishing, and farming. But, high-tech industries like Boeing and many computer companies have also taken root here, giving the area a large proportion of well-educated individuals.

The Environment Is Big

Environmental concerns are major in the area. Radical environmentalists even use such tactics against loggers as "spiking." In this move, a steel spike is driven deep into a tree. The invisible spike, when hit by a saw blade, will smash the blade, sending fragments of it around like bullets. Many loggers have been seriously hurt, even maimed for life, by these tactics. Only a handful of environmentalists engage in such tactics, which are disowned by responsible environmental groups. And, environmental groups on the whole enjoy wide popular support in Greenbelt West.

Seattle, whose citizens lead much of the nation in environmental issues, now charges its residents for garbage and trash collection by the amount of refuse they actually produce.

All of this means that automotive aftermarket product manufacturers and retailers stressing environmental safety with their products will find a responsive audience among Greenbelt West DIYers.

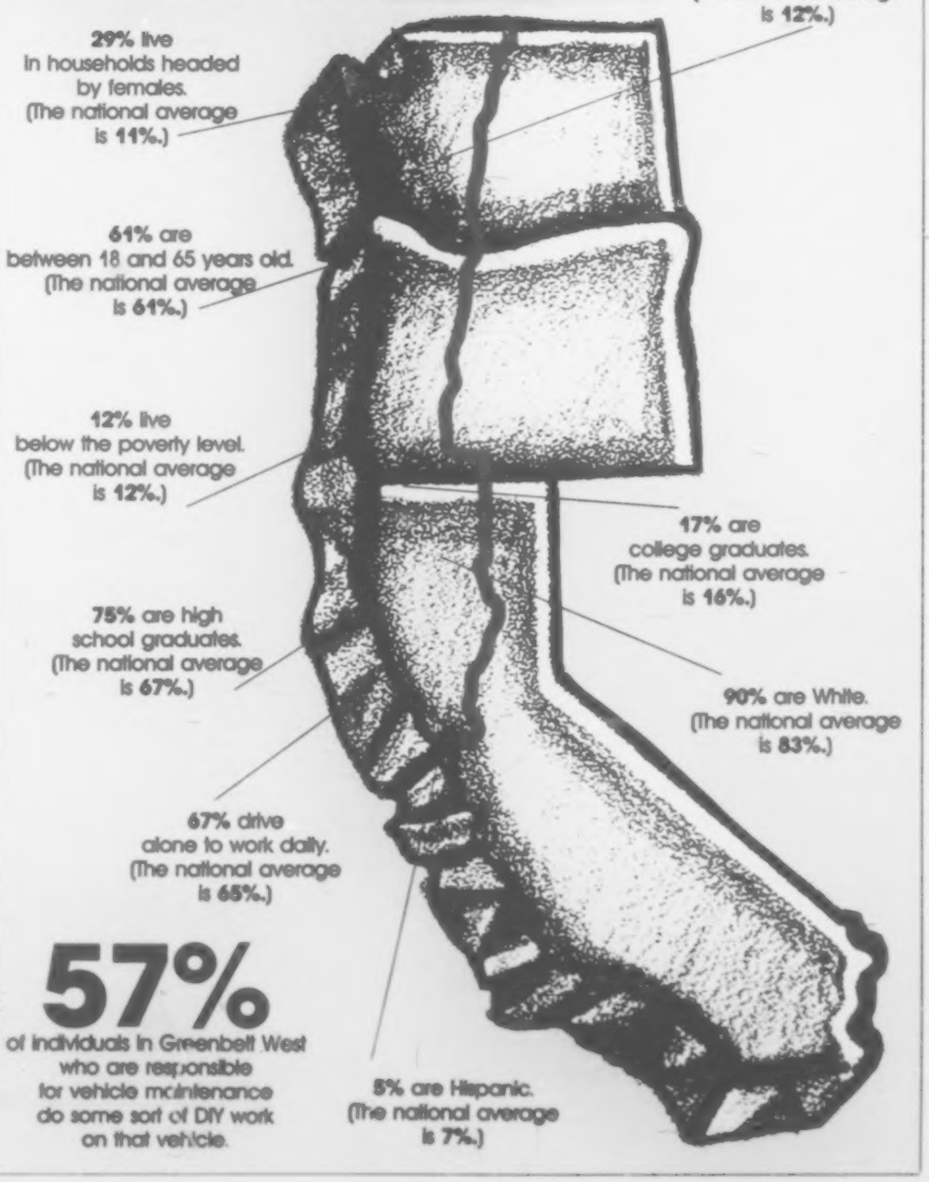
Reaching Greenbelt West Drivers

Aftermarket retailers that are involved in local events also do well in Greenbelt West. For example, the climax of the annual Portland, OR, Rose Festival is a CART race held at the Portland International Raceway. One of the sponsors is the 13-store chain G.I. Joe's, a retailer that does a large percentage of its business in aftermarket products. Several days after the CART race, the company sponsors an IMSA Camel GT race on the same site. The store even sells tickets to the events.

Not everyone in Greenbelt West, however, drives the kind of domestic cars that they watch at the races. Locals in the area own a very high percentage of foreign nameplate vehicles, as well as light trucks, when compared to the rest of the country.

Therefore, local retailers that specialize in imported car parts, like Bow Wow Import Auto Supply in Seattle, do quite well here, too. ■

Of The People In Greenbelt West:


3% are Black. (The national average is 12%.)
29% live in households headed by females. (The national average is 11%.)
61% are between 18 and 65 years old. (The national average is 61%.)
12% live below the poverty level. (The national average is 12%.)
17% are college graduates. (The national average is 16%.)
75% are high school graduates. (The national average is 67%.)
90% are White. (The national average is 83%.)
67% drive alone to work daily. (The national average is 65%.)
57% of individuals in Greenbelt West who are responsible for vehicle maintenance do some sort of DIY work on that vehicle.
5% are Hispanic. (The national average is 7%.)

REGIONAL MARKETS:

In all, 5% of the nation's household vehicle owners live in Greenbelt West, according to the 1990 *Automotive Marketing Consumer Automotive Repair Study (CARS)*. Of them, 50% are DIYers on their own vehicles, while another 7% do automotive DIY work on someone else's vehicle.

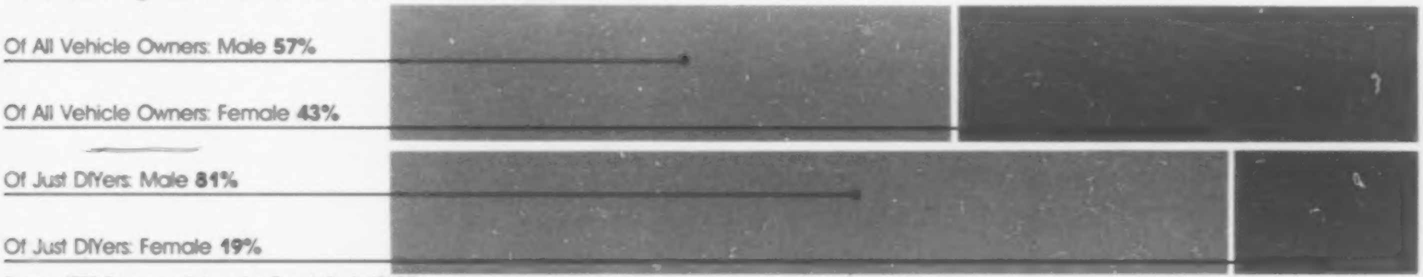
Some 8% of the Greenbelt West DIYers shop for automotive parts, chemicals, and accessories about once a month. Another 9% shop twice a year, obviously for seasonal maintenance efforts, while 16% shop four times a year.

Most Greenbelt West DIYers buy a lot of automotive products over the course of a year. In all, 13% said they bought five automotive products during the past year, while 20% bought 13 or 14 automotive products. In fact, the average Greenbelt West DIYer bought ten automotive products during the year before the *CARS* study was conducted.

On the whole, almost half of all Green-

GREENBELT WEST: GENDER

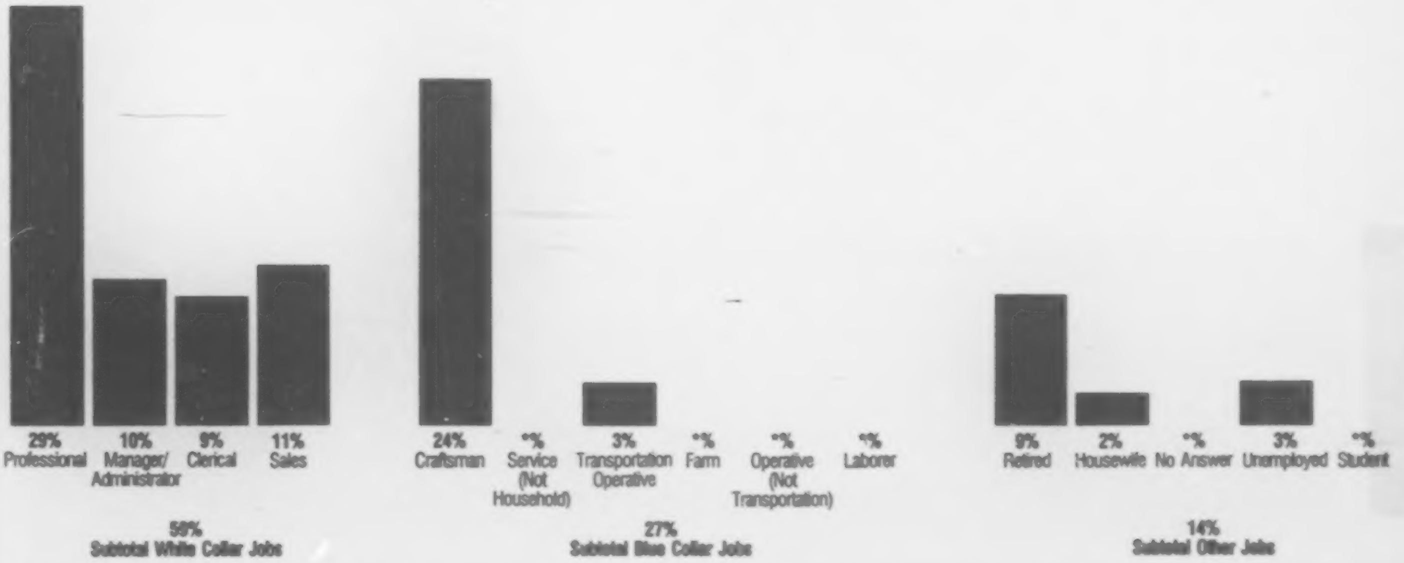
Unlike most regions, more men both own vehicles and do-it-themselves.



Source: 1990 Consumer Automotive Repair Study (CARS)

GREENBELT WEST: DIYERS & THEIR PROFESSIONS

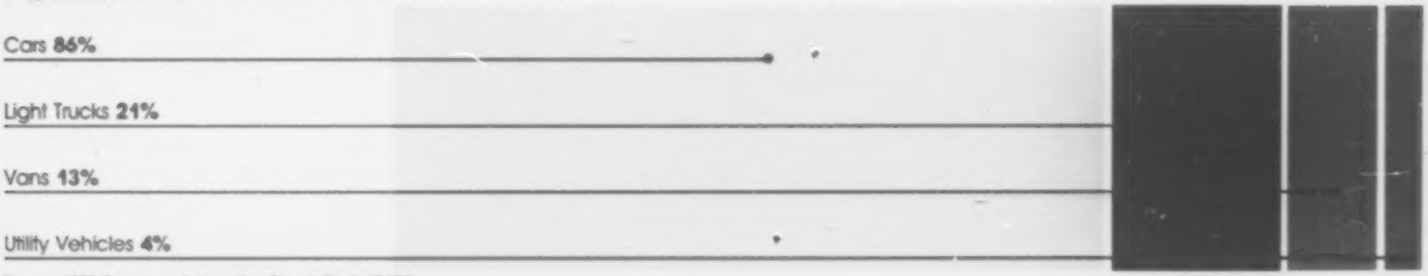
A higher number of farmers, students, service workers, and housewives in the area than in other areas has helped keep the growing white collar professions to less than half the employed population.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Cell too small to accurately measure

GREENBELT WEST: DIYER VEHICLE TYPES

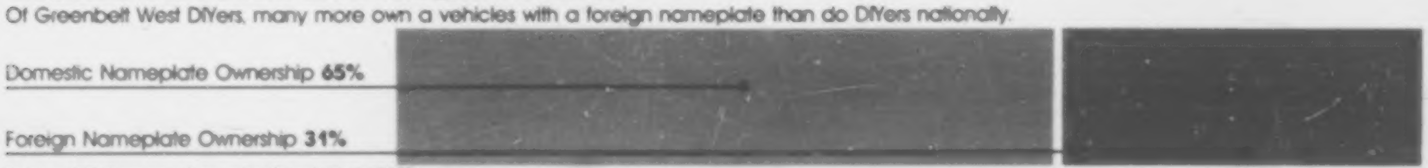
A light truck can be found in less than a quarter of the households in which a vehicle is owned and in which a DIYer lives.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

GREENBELT WEST: DIYERS & THE VEHICLES THEY OWN

Of Greenbelt West DIYers, many more own a vehicles with a foreign nameplate than do DIYers nationally.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding or no responses

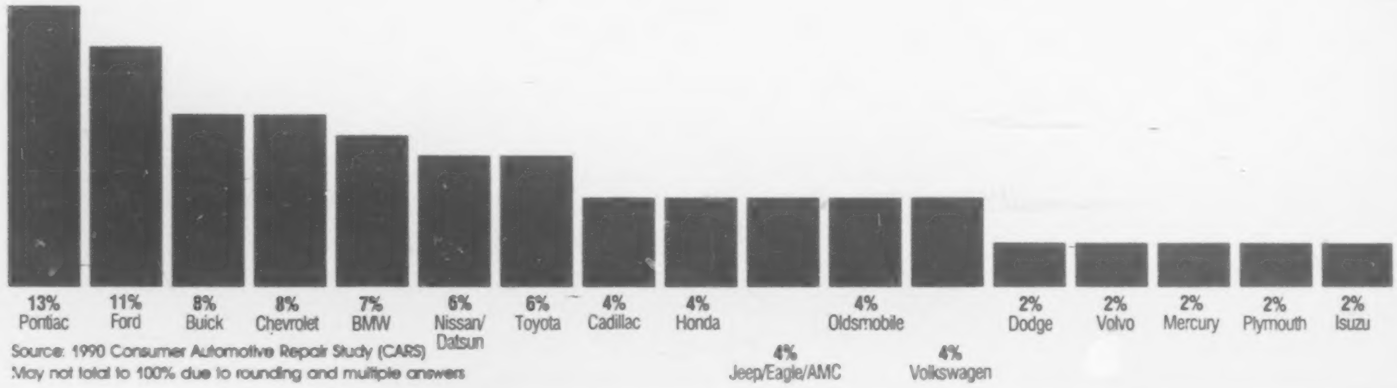
belt West DIYers have maintained the same automotive DIY work level they do, over the past five years. Some 44% of them told us this is the case. Another 31% report they're doing more DIY work now than ever. Over 23% of them expect the amount of automotive DIY work they do to increase in the future, as well.

Of Greenbelt West DIYers, 63% said they enjoy working on their vehicles. Some 17% said they enjoy doing automotive DIY work "a lot" and 45% enjoy it "somewhat." The rest enjoy it "not too much" (22%) or "not at all" (13%).

When asked what new types of DIY jobs they'd like to learn how to do, 12% said tune-up work, while 11% said body work. Another 11% said they'd like to learn how to work on their vehicle's electrical system. Changing oil was a job that 8% would like to learn how to do. Finally, a surprising 6% are really serious about automotive DIY—they want to learn how to rebuild an engine! ■

GREENBELT WEST: DIYERS & THEIR VEHICLES

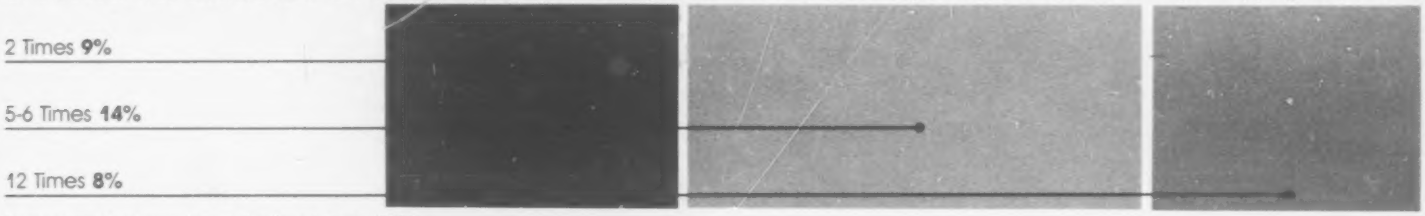
Here's a list of the most popular makes and the percentage of DIYers who own them in Greenbelt West.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

GREENBELT WEST: SHOPPING FREQUENCIES

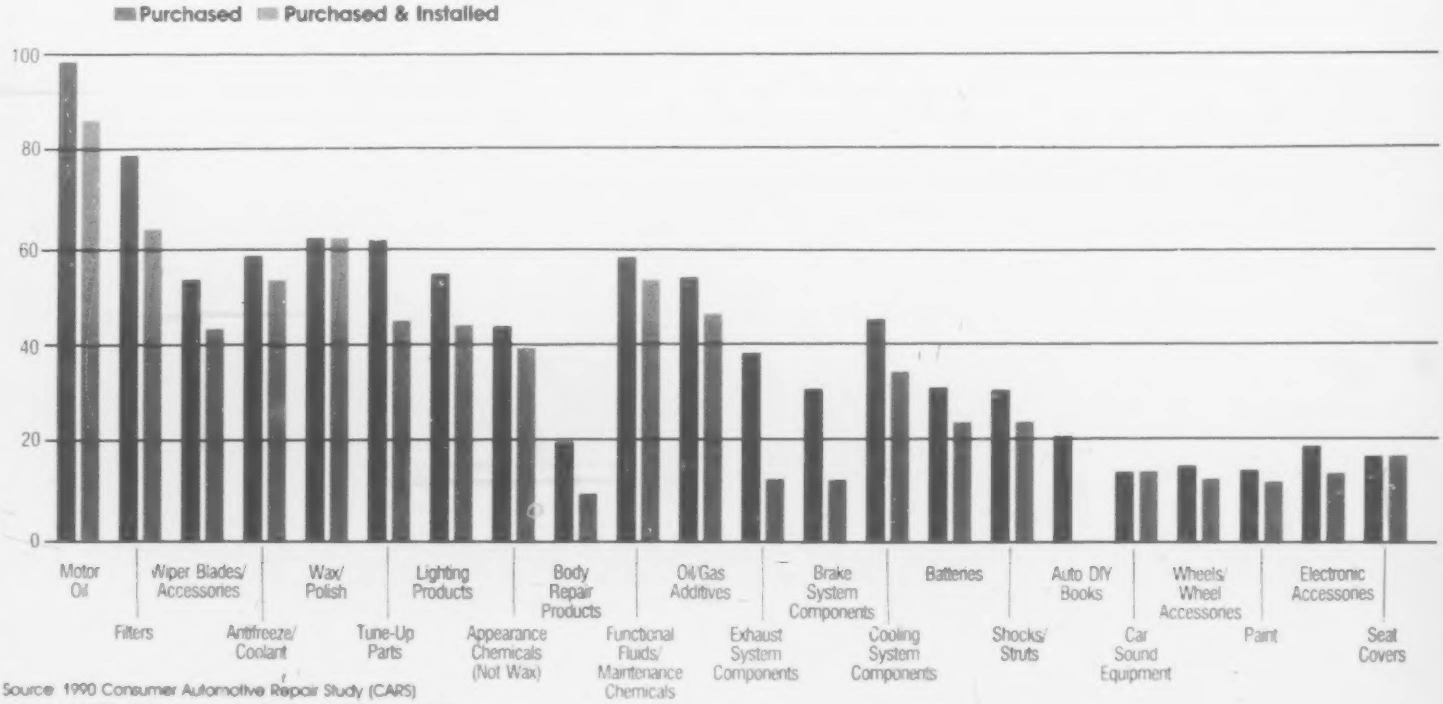
Of Greenbelt West DIYers, almost 15% of them shop for automotive products five or six times a year. Here are the three major shopping frequencies.



Source: 1990 Consumer Automotive Repair Study (CARS)
Does not total to 100% due to omitted responses

GREENBELT WEST: DIYERS & AUTOMOTIVE PRODUCTS

The easier the product is to install, the more DIYers do-it-themselves.



Source: 1990 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Cell too small for accurate measurement